

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: ML-47060	6. SURFACE: State
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input checked="" type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE L.P.				9. WELL NAME and NUMBER: STATE 1021-36D	
3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078				PHONE NUMBER: (435) 781-7024	10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 1188'FNL, 702'FWL AT PROPOSED PRODUCING ZONE: 627732X 39.908089 4418415Y -109.505679				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36 10S 21E	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 21.55 MILES SOUTH OF OURAY, UTAH				12. COUNTY: UINTAH	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 702'		16. NUMBER OF ACRES IN LEASE: 640.00		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40.00	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) REFER TO TOPO C		19. PROPOSED DEPTH: 8,770		20. BOND DESCRIPTION: RLB0005237	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 5405'GL		22. APPROXIMATE DATE WORK WILL START:		23. ESTIMATED DURATION:	

24. PROPOSED CASING AND CEMENTING PROGRAM							
SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT		
12 1/4"	9 5/8	H-40	32.3#	1,800	265 SX CLASS G	1.18 YIELD	15.6 PPG
7 7/8"	4 1/2	I-80	11.6#	8,770	1840 SX 50/50 POZ	1.31 YIELD	14.3 PPG

25. ATTACHMENTS	
VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:	
<input checked="" type="checkbox"/> WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER	<input checked="" type="checkbox"/> COMPLETE DRILLING PLAN
<input checked="" type="checkbox"/> EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER	<input type="checkbox"/> FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) SHEILA UPCHEGO TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE  DATE 11/8/2006

(This space for State use only)

Approved by the
Utah Division of
Oil, Gas and Mining

RECEIVED

NOV 13 2006

API NUMBER ASSIGNED: 43-047-38845

APPROVAL:

Date: 02-14-07

By: 

DIV. OF OIL, GAS & MINING

**STATE 1021-36D
NWNW SEC 36, T10S, R21E
UINTAH COUNTY, UTAH
ML-47060**

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. Estimated Tops of Important Geologic Markers:

<u>Formation</u>	<u>Depth</u>
Uinta	0- Surface
Green River	943'
Top of Birds Nest Water	1236'
Mahogany	1754'
Wasatch	4070'
Mesaverde	6678'
MVU2	7647'
MVL1	8267'
TD	8770'

2. Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

<u>Substance</u>	<u>Formation</u>	<u>Depth</u>
Water	Green River	943'
	Top of Birds Nest Water	1236'
	Mahogany	1754'
Gas	Wasatch	4070'
Gas	Mesaverde	6678'
Gas	MVU2	7647'
Gas	MVL1	8267'
Water	N/A	
Other Minerals	N/A	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. **Abnormal Conditions:**

Maximum anticipated bottomhole pressure calculated at 8770' TD, approximately equals 5437 psi (calculated at 0.62 psi/foot).

Maximum anticipated surface pressure equals approximately 3508 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. **Anticipated Starting Dates:**

Drilling is planned to commence immediately upon approval of this application.

9. **Variances:**

Please refer to the attached Drilling Program.

10. **Other Information:**

Please refer to the attached Drilling Program.



KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME KERR-McGEE OIL & GAS ONSHORE LP DATE November 8, 2006
 WELL NAME STATE 1021-36D TD 8,770' MD/TVD
 FIELD Natural Buttes COUNTY Uintah STATE Utah ELEVATION 5,405' GL KB 5,420'
 SURFACE LOCATION NWNW SEC. 36, T10S, R21E 1188'FNL, 702'FWL BHL Straight Hole
 Latitude: 39.908103 Longitude: 109.506425
 OBJECTIVE ZONE(S) Wasatch/Mesaverde
 ADDITIONAL INFO Regulatory Agencies: UDOGM (SURF & MINERALS), BLM, Tri-County Health Dept.

GEOLOGICAL			MECHANICAL		
LOGS	FORMATION	DEPTH	HOLE SIZE	CASING SIZE	MUD WEIGHT
	TOPS				
		40'		14"	
			12-1/4"	9-5/8", 32.3#, H-40, STC	Air mist
Catch water sample, if possible, from 0 to 4,070'					
	Green River @	0,943'			
	Top of Birds Nest Water @	1236'			
	Mahogany @	1,754'			
	Preset f/ GL @				
	1,800' MD				
Note: 12.25" surface hole will usually be drilled ±400' below the bottom of lost circulation zone. Drilled depth may be ±200' of the estimated set depth depending on the actual depth of the loss zone.					
Mud logging program TBD					
Open hole logging program f/ TD - surf csg					
	Wasatch @	4,070'	7-7/8"	4-1/2", 11.6#, I-80 or equivalent LTC casing	Water/Fresh Water Mud 8.3-11.3 ppg
	Mverde @	6,678'			
	MVU2 @	7,647'			
	MVL1 @	8,267'			
	TD @	8,770'			Max anticipated Mud required 11.3 ppg



KERR-McGEE OIL & GAS ONSHORE LP DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS		
						BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'				2270	1370	254000
SURFACE	9-5/8"	0 to 1800	32.30	H-40	STC	0.70 *****	1.63	4.99
						7780	6350	201000
PRODUCTION	4-1/2"	0 to 8770	11.60	I-80	LTC	2.41	1.23	2.26

- 1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point)
 2) MASP (Prod Casing) = Pore Pressure at TD - (.22 psi/ft-partial evac gradient x TD)
 (Burst Assumptions: TD = 11.3 ppg) .22 psi/ft = gradient for partially evac wellbore
 (Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
 MASP 3224 psi

***** Burst SF is low but csg is much stronger than formation at 2000'. EMW @ 2000' for 2270# is 21.8 ppg or 1.13 psi/ft

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl + .25 pps flocele	215	60%	15.60	1.18
Option 1	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt + 2% CaCl + .25 pps flocele	50		15.60	1.18
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE	Option 2	NOTE: If well will circulate water to surface, option 2 will be utilized					
	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite + .25 pps Flocele + 3% salt BWOC	170	35%	11.00	3.82
	TAIL	500	Premium cmt + 2% CaCl + .25 pps flocele	180	35%	15.60	1.18
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	3,570'	Premium Lite II + 3% KCl + 0.25 pps celloflake + 5 pps gilsonite + 10% gel + 0.5% extender	390	60%	11.00	3.38
	TAIL	5,200'	50/50 Poz/G + 10% salt + 2% gel +.1% R-3	1450	60%	14.30	1.31

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained

*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

BOPE: 11" 5M with one annular and 2 rams. Test to 5,000 psi (annular to 2,500 psi) prior to drilling out. Record on chart recorder & tour sheet. Function test rams on each trip. Maintain safety valve & inside BOP on rig floor at all times. Kelly to be equipped with upper & lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER:

Brad Laney

DATE:

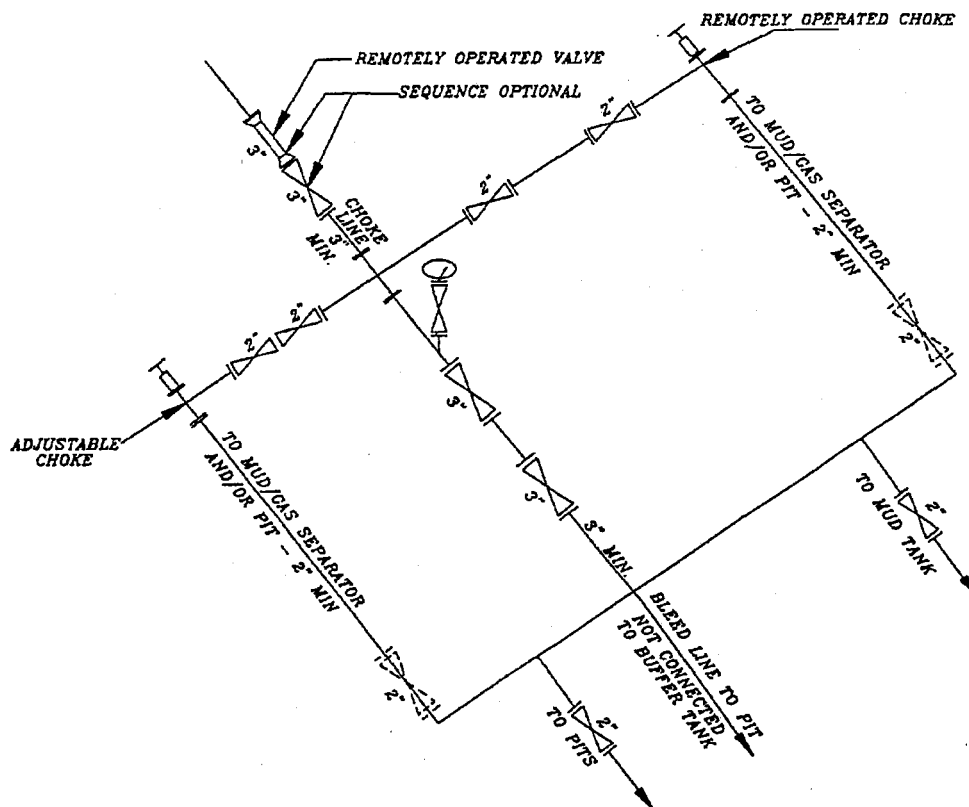
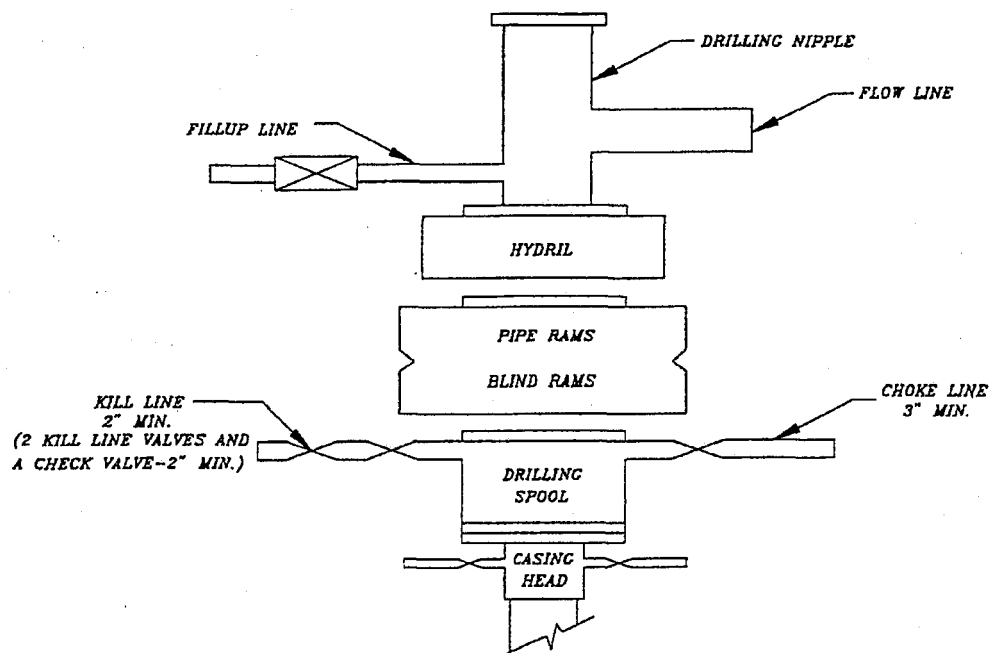
DRILLING SUPERINTENDENT:

Randy Bayne

DATE:

STATE1021-36D DHD.xls

5M BOP STACK and CHOKE MANIFOLD SYSTEM



STATE 1021-36D
NWNW SEC 36, T10S, R21E
Uintah County, UT
ML-47060

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. Existing Roads:

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2-mile radius.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. Planned Access Roads:

BLM Rights-of-Way Required:

A 30' of rights-of-way will be required for approximately 0.5 +/- miles of proposed access road is proposed. The access road will come from the NBU 1021-35G well location in Sec. 35, T10S, R21E (Lease #UTU-02277-B) to the proposed location. Please refer to the attached Topo Map B.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. Location of Existing Wells Within a 1-Mile Radius:

Please refer to Topo Map C.

4. Location of Existing & Proposed Facilities:

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a

minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Carlsbad Canyon, standard color number 2.5Y 6/2.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

BLM Rights-of-Way Required:

A 30' of rights-of-way will be required for approximately 2454' +/- 4" steel pipeline is proposed. The pipeline will tie-in to the NBU 1021-35G well location in Sec. 35, T10S, R21E (Lease #UTU-02277-D) to the proposed location. Please refer to the attached Topo Map D.

5. Location and Type of Water Supply:

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. Source of Construction Materials:

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. Methods of Handling Waste Materials:

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge

of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will

be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.

All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled by truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35, T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E.

8. Ancillary Facilities:

None are anticipated.

9. Well Site Layout: (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire.

Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. **Surface Ownership:**

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. **Other Information:**

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey will be submitted when report becomes available.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. **Lessee's or Operators's Representative & Certification:**

Sheila Upchego
Senior Land Admin Specialist
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East.
Vernal, UT 84078
(435) 781-7024

Randy Bayne
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
1368 South 1200 East
Vernal, UT 84078
(435)781-7018

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond #RLB0005237.

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed by the Operator, its contractors, and subcontractors in conformity with this plan and the terms and conditions under which it is approved.


Sheila Upchego

11/8/2006
Date

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D

SECTION 36, T10S, R21E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 14.0 MILES TO THE JUNCTION OF STATE HIGHWAY 88; TURN LEFT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 17.0 MILES TO OURAY, UTAH; PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 11.2 MILES ON THE SEEP RIDGE ROAD TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE EAST; TURN LEFT AND PROCEED IN AN EASTERLY, THEN SOUTHEASTERLY DIRECTION APPROXIMATELY 6.6 MILES TO THE JUNCTION OF THIS ROAD AND AN EXISTING ROAD TO THE SOUTH; TURN RIGHT AND PROCEED IN A SOUTHERLY DIRECTION APPROXIMATELY 2.5 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-36M TO THE SOUTHEAST; FOLLOW ROAD FLAGS IN A SOUTHEASTERLY DIRECTION APPROXIMATELY 0.35 MILES TO THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-35J TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.25 MILES TO THE PROPOSED #1021-35J AND THE BEGINNING OF THE PROPOSED ACCESS FOR THE #1021-35G TO THE NORTH; FOLLOW ROAD FLAGS IN A NORTHERLY DIRECTION APPROXIMATELY 0.15 MILES TO THE PROPOSED #1021-35G AND THE BEGINNING OF THE PROPOSED ACCESS TO THE NORTHEAST; FOLLOW ROAD FLAGS IN A NORTHEASTERLY DIRECTION APPROXIMATELY 0.5 MILES TO PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 52.55 MILES.

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D

LOCATED IN UINTAH COUNTY, UTAH
SECTION 36, T10S, R21E, S.L.B.&M.

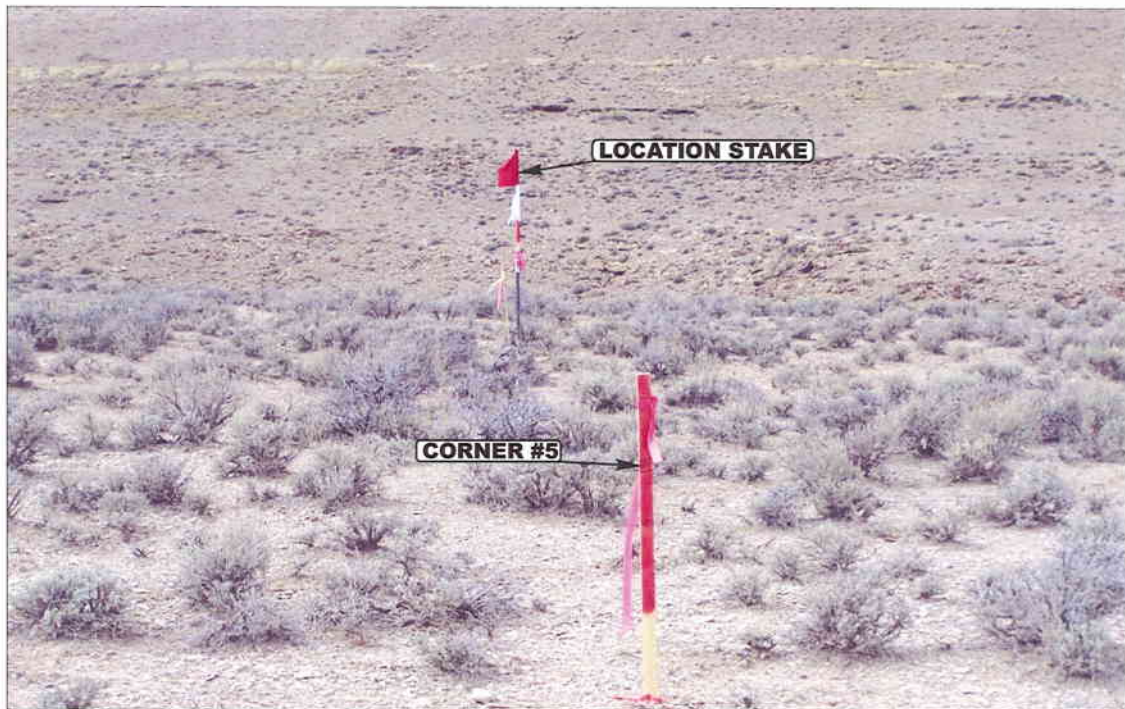


PHOTO: VIEW FROM CORNER #5 TO LOCATION STAKE

CAMERA ANGLE: NORTHWESTERLY



PHOTO: VIEW FROM BEGINNING OF PROPOSED ACCESS

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

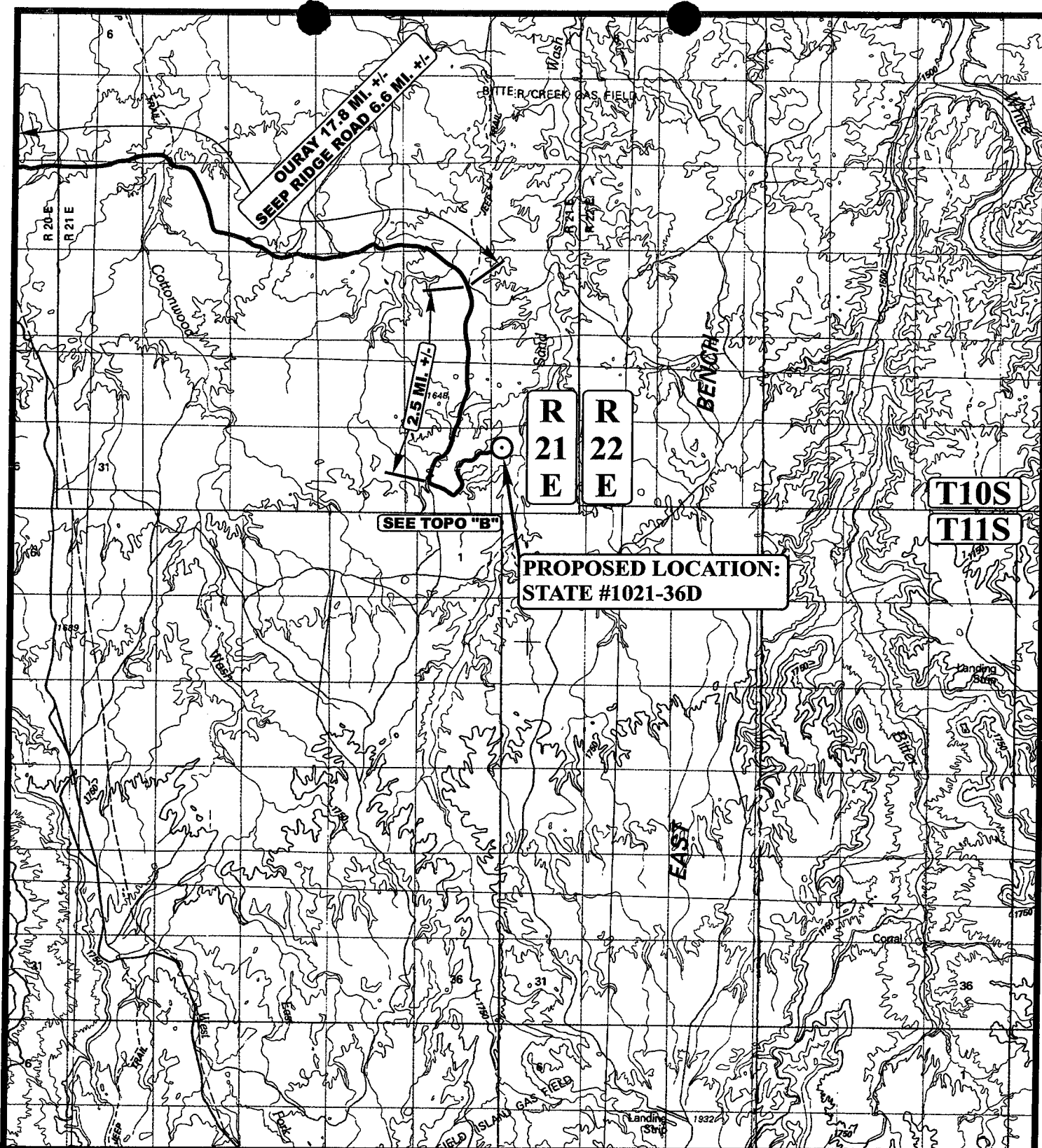
10 05 06
MONTH DAY YEAR

PHOTO

TAKEN BY: L.K.

DRAWN BY: C.P.

REVISED: 00-00-00

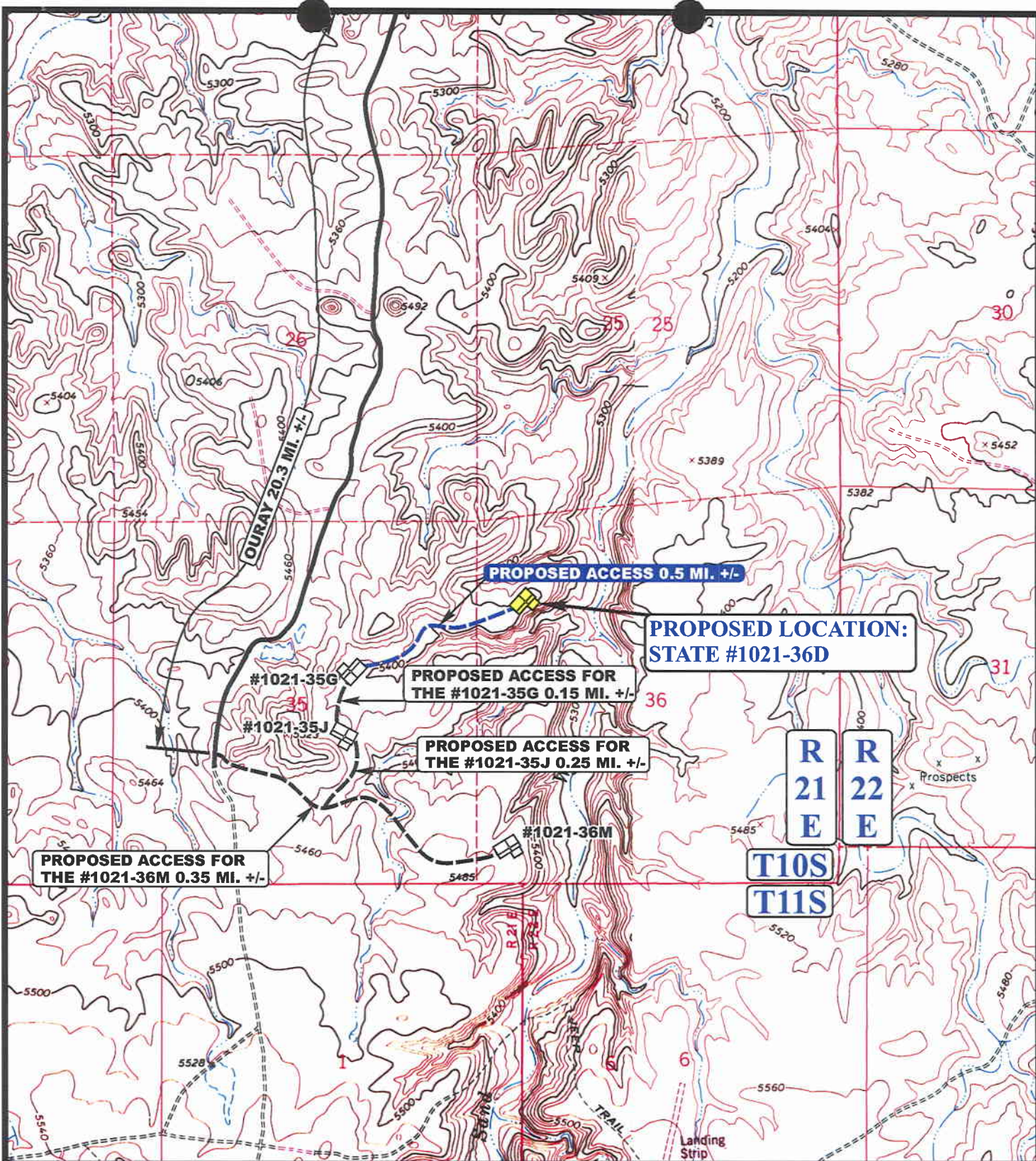


LEGEND:

Kerr-McGee Oil & Gas Onshore LP



UEIS



LEGEND:

— EXISTING ROAD
 - - - PROPOSED ACCESS ROAD

N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D
SECTION 36, T10S, R21E, S.L.B.&M.
1188' FNL 702' FWL



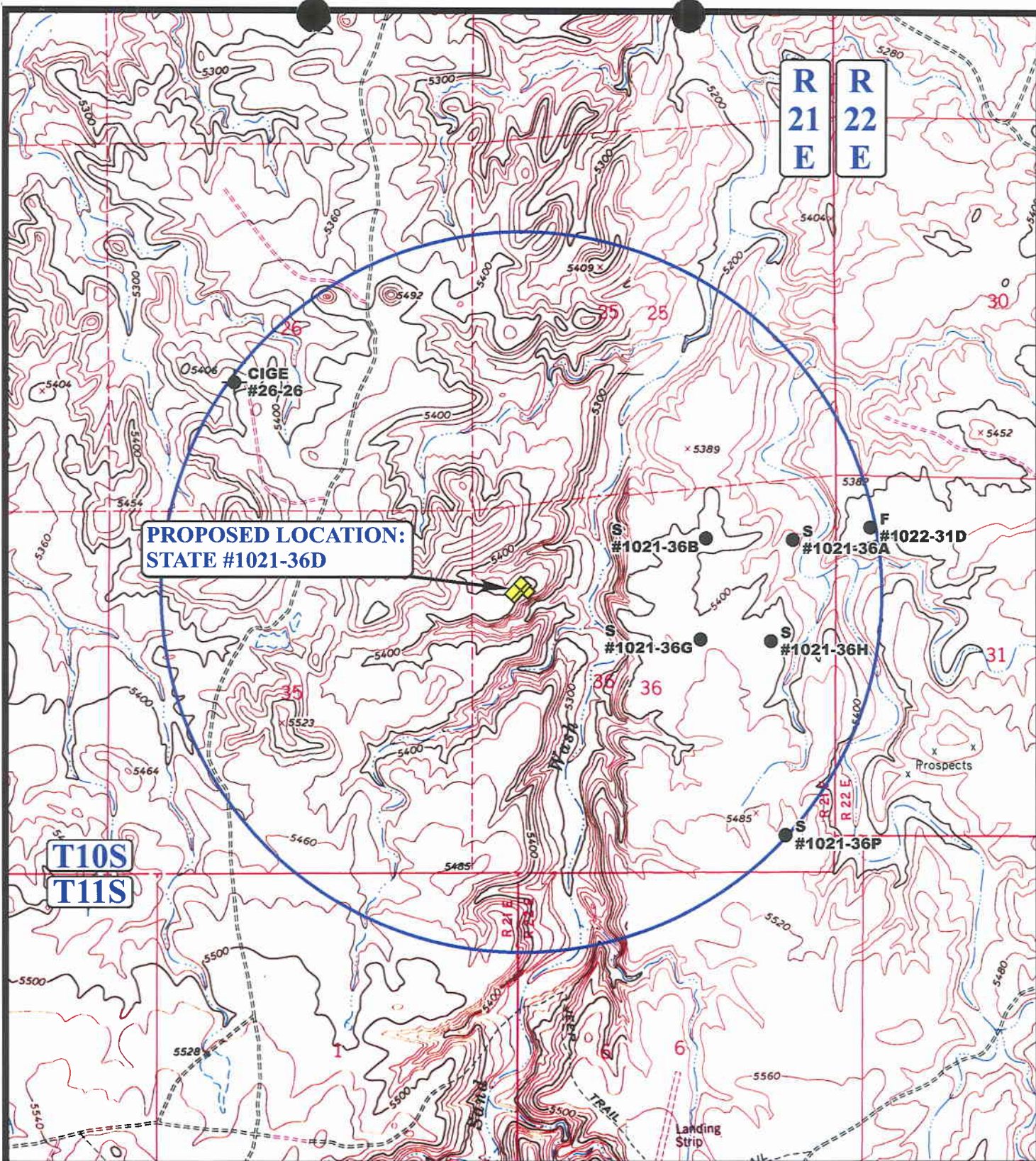
Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

10 05 06
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00

B
TOPO



LEGEND:

- DISPOSAL WELLS
- PRODUCING WELLS
- SHUT IN WELLS
- WATER WELLS
- ABANDONED WELLS
- TEMPORARILY ABANDONED



Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D
SECTION 36, T10S, R21E, S.L.B.&M.
1188' FNL 702' FWL



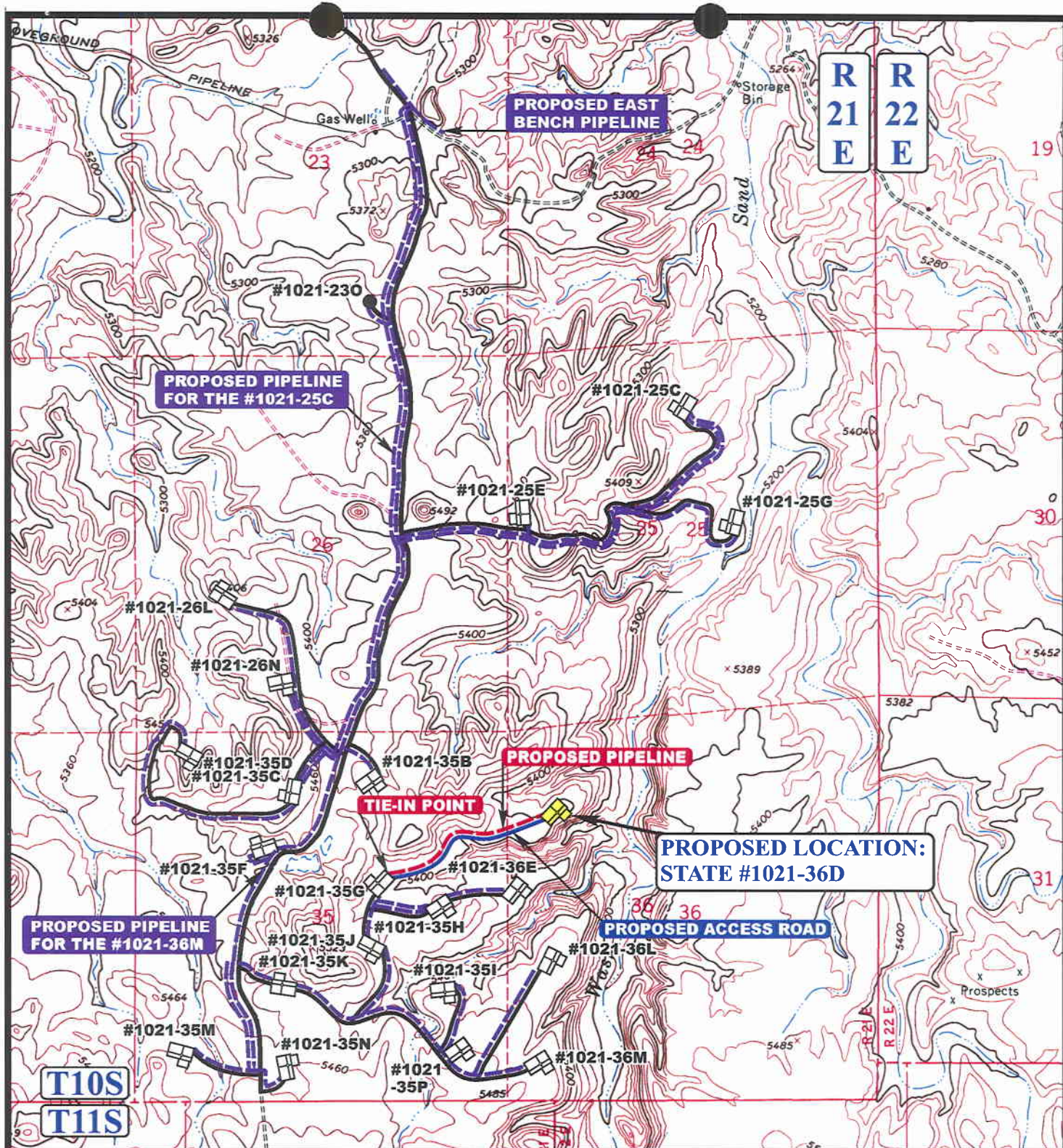
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

10 05 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00





APPROXIMATE TOTAL PIPELINE DISTANCE = 2,454' +/-

LEGEND:

- PROPOSED ACCESS ROAD
- - - - - PROPOSED PIPELINE
- - - - - PROPOSED PIPELINE (SERVICING OTHER WELLS)

N

Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D

SECTION 36, T10S, R21E, S.L.B.&M.

1188' FNL 702' FWL



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(435) 789-1017 * FAX (435) 789-1813

**TOPOGRAPHIC
MAP**

10 05 06
MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: C.P. REVISED: 00-00-00



Kerr-McGee Oil & Gas Onshore LP

STATE #1021-36D

PIPELINE ALIGNMENT

LOCATED IN UINTAH COUNTY, UTAH

SECTION 36, T10S, R21E, S.L.B.&M.



PHOTO: VIEW FROM TIE-IN POINT

CAMERA ANGLE: SOUTHEASTERLY



PHOTO: VIEW OF PIPELINE ALIGNMENT

CAMERA ANGLE: NORTHEASTERLY



- Since 1964 -

UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

PIPELINE PHOTOS

10 05 06
MONTH DAY YEAR

PHOTO

TAKEN BY: L.K.

DRAWN BY: C.P.

REVISED: 00-00-00

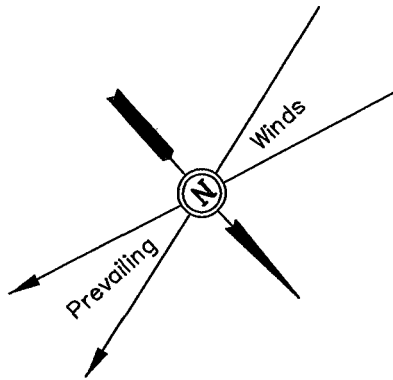
Herr-McGee Oil & Gas Onshore LP

FIGURE #1

LOCATION LAYOUT FOR

STATE #1021-36D
SECTION 36, T10S, R21E, S.L.B.&M.

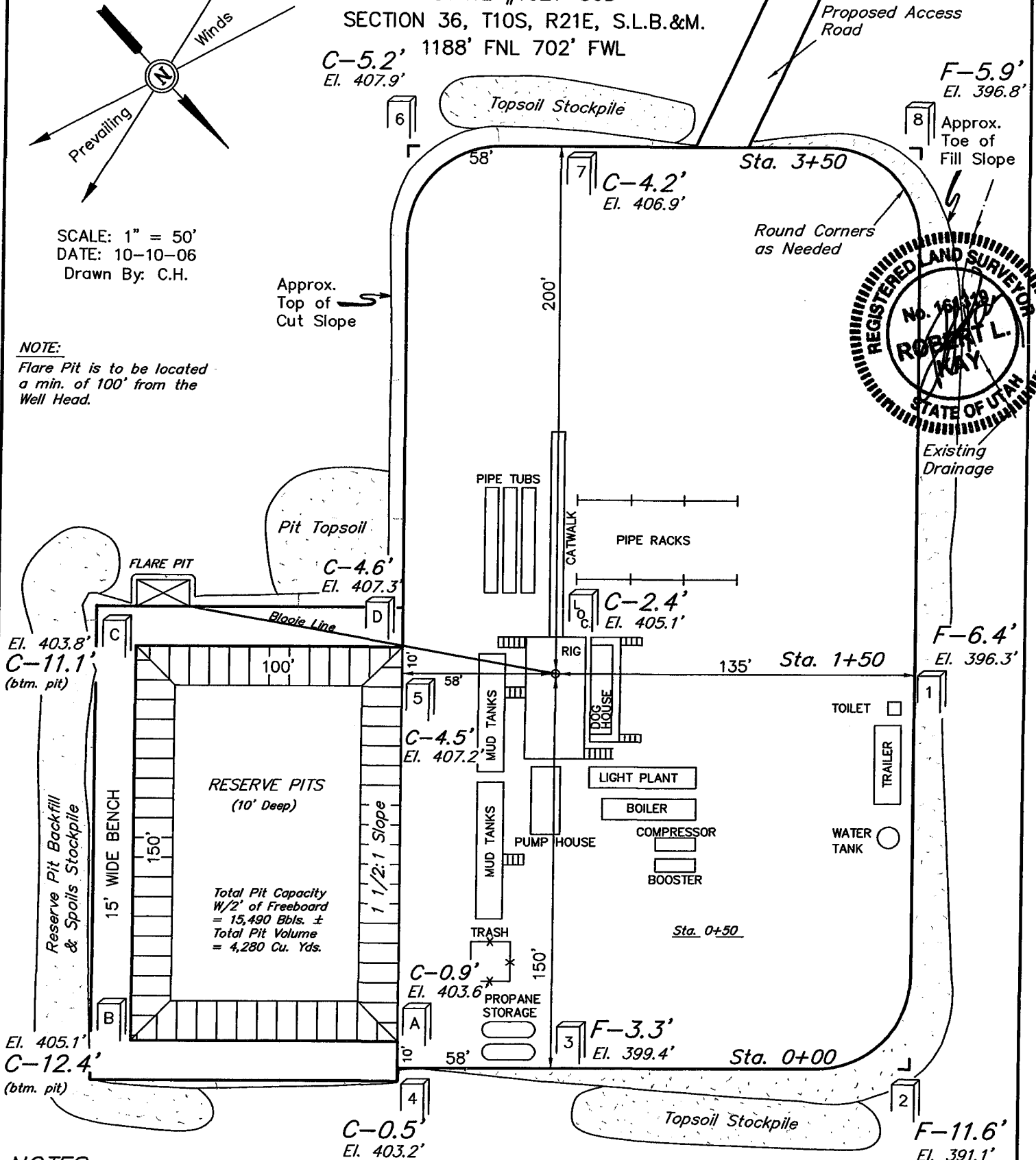
C-5.2' 1188' FNL 702' FWL
El. 407.9'



SCALE: 1" = 50'
DATE: 10-10-06
Drawn By: C.H.

NOTE:

Flare Pit is to be located a min. of 100' from the Well Head.



NOTES:

Elev. Ungraded Ground At Loc. Stake = 5405.1'
FINISHED GRADE ELEV. AT LOC. STAKE = 5402.7'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

Kerr-McGee Oil & Gas Onshore LP

FIGURE #2

TYPICAL CROSS SECTIONS FOR

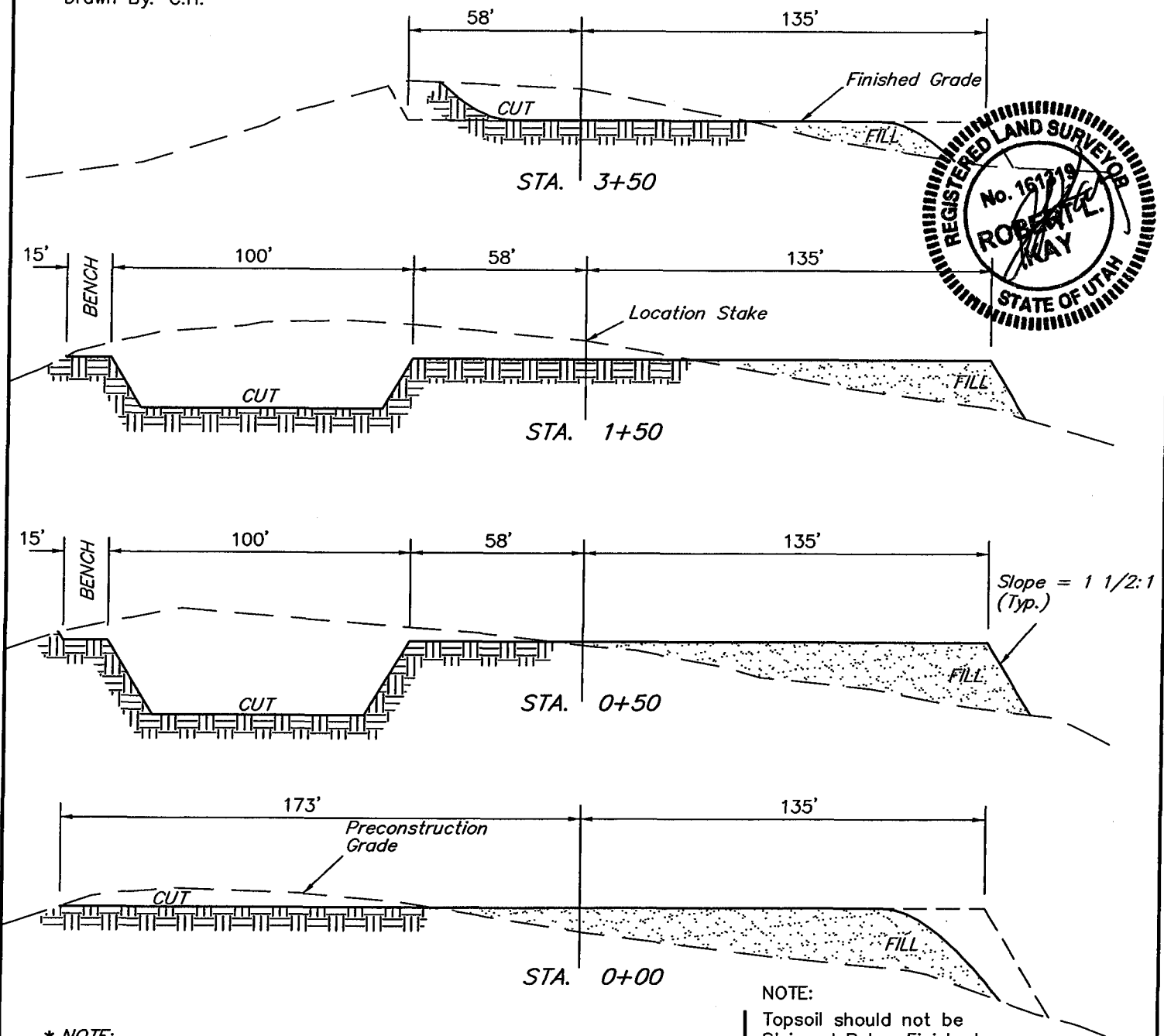
STATE #1021-36D

SECTION 36, T10S, R21E, S.L.B.&M.

1188' FNL 702' FWL

1" = 20'
X-Section
Scale
1" = 50'

DATE: 10-10-06
Drawn By: C.H.



* NOTE:
FILL QUANTITY INCLUDES
5% FOR COMPACTION

APPROXIMATE YARDAGES

CUT
(6") Topsoil Stripping = 1,850 Cu. Yds.
Remaining Location = 9,350 Cu. Yds.

TOTAL CUT = 11,200 CU.YDS.
FILL = 7,210 CU.YDS.

NOTE:

Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

EXCESS MATERIAL = 3,990 Cu. Yds.
Topsoil & Pit Backfill = 3,990 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Interim Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 11/13/2006

API NO. ASSIGNED: 43-047-38845

WELL NAME: STATE 1021-36D

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

CONTACT: SHEILA UPCHEGO

PHONE NUMBER: 435-781-7024

PROPOSED LOCATION:

NNNW 36 100S 210E

SURFACE: 1188 FNL 0702 FWL

BOTTOM: 1188 FNL 0702 FWL

COUNTY: Uintah

LATITUDE: 39.90809 LONGITUDE: -109.5057

UTM SURF EASTINGS: 627732 NORTHINGS: 4418415

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering	DKD	12/13/06
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-47060

SURFACE OWNER: 3 - State

PROPOSED FORMATION: WSMVD

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

- ☒ Plat
- ☒ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)
- ☒ Potash (Y/N)
- ☒ Oil Shale 190-5 (B) or 190-3 or 190-13
- ☒ Water Permit
(No. 43-8496)
- ☒ RDCC Review (Y/N)
(Date:)
- ☒ Fee Surf Agreement (Y/N)
- ☒ Intent to Commingle (Y/N)

LOCATION AND SITING:

- ___ R649-2-3.
- Unit: ___
- ___ R649-3-2. General
- Siting: 460 From Qtr/Qtr & 920' Between Wells
- ☒ R649-3-3. Exception
- ___ Drilling Unit
- Board Cause No: ___
- Eff Date: ___
- Siting: ___
- ___ R649-3-11. Directional Drill

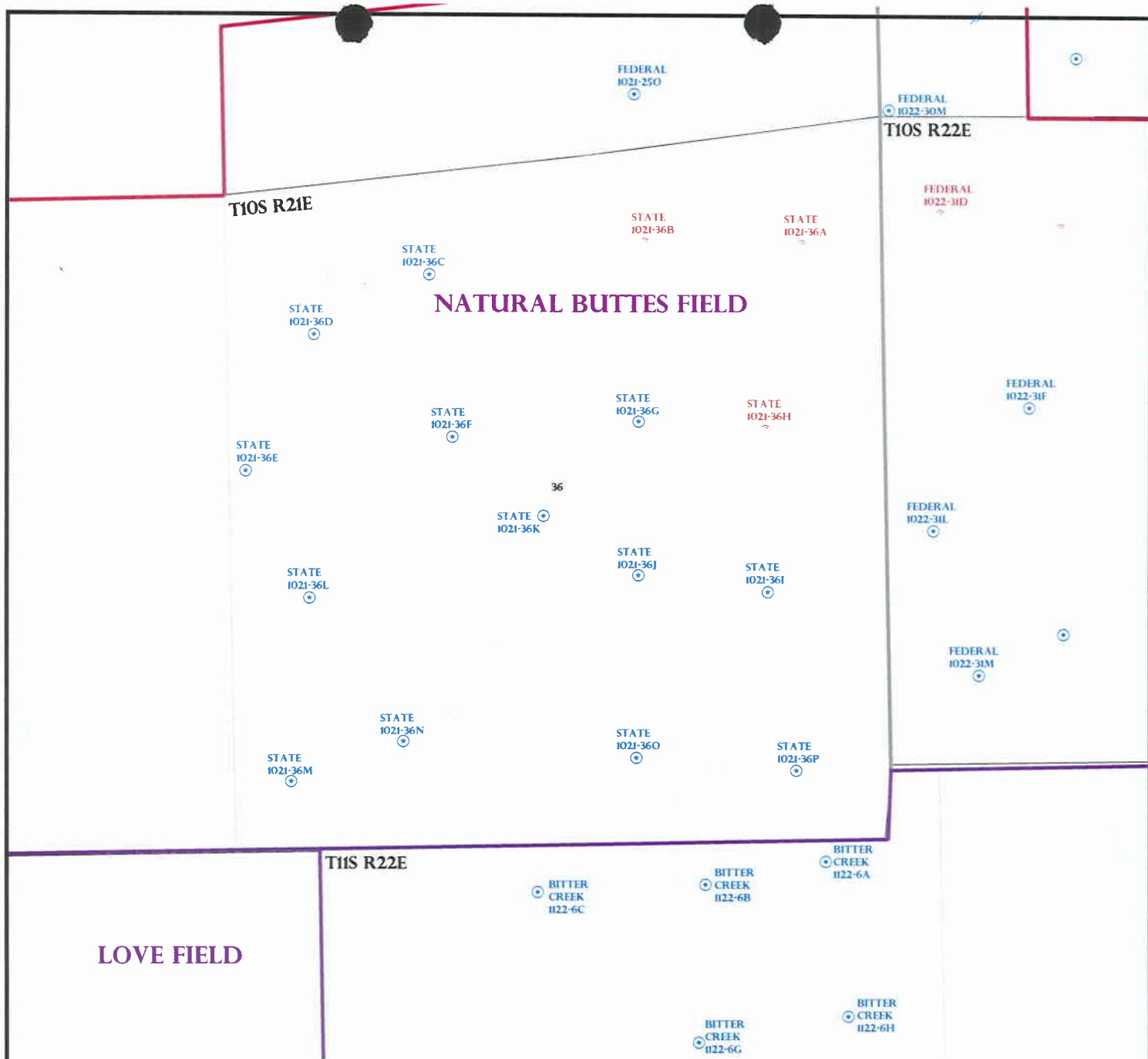
COMMENTS: Needs Permit 11-17-06

STIPULATIONS: ~~1- Statement of Basis~~

1- STATEMENT OF BASIS

2- OIL SHALE

3- Surf. csg. Cont Stcp.



OPERATOR: KERR MCGEE O&G (N2995)

SEC: 36 T.10S R. 21E

FIELD: NATURAL BUTTES (630)

COUNTY: UINTAH

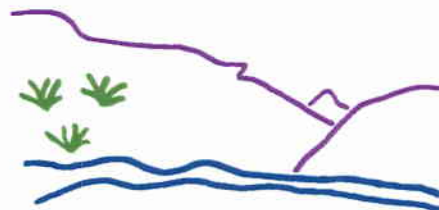
SPACING: R649-3-3 / EXCEPTION LOCATION

Field Status
 ABANDONED
 ACTIVE
 COMBINED
 INACTIVE
 PROPOSED
 STORAGE
 TERMINATED

Unit Status
 EXPLORATORY
 GAS STORAGE
 NF PP OIL
 NF SECONDARY
 PENDING
 PI OIL
 PP GAS
 PP GEOTHERML
 PP OIL
 SECONDARY
 TERMINATED

Wells Status

GAS INJECTION
 GAS STORAGE
 LOCATION ABANDONED
 NEW LOCATION
 PLUGGED & ABANDONED
 PRODUCING GAS
 PRODUCING OIL
 SHUT-IN GAS
 SHUT-IN OIL
 TEMP. ABANDONED
 TEST WELL
 WATER INJECTION
 WATER SUPPLY
 WATER DISPOSAL
 DRILLING



Utah Oil Gas and Mining



PREPARED BY: DIANA MASON
 DATE: 16-NOVEMBER-2006

Application for Permit to Drill

Statement of Basis

11/30/2006

Utah Division of Oil, Gas and Mining

Page 1

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
164	43-047-38845-00-00		GW	S	No
Operator	KERR-MCGEE OIL & GAS ONSHORE, LP		Surface Owner-APD		
Well Name	STATE 1021-36D		Unit		
Field	UNDESIGNATED		Type of Work		
Location	NWNW 36 10S 21E S 0 F L 0 F L GPS Coord (UTM) 627732E 4418415N				

Geologic Statement of Basis

Kerr McGee proposes to set 1,800' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 3,400'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 36. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. Production casing cement should be brought up above the base of the moderately saline ground water to isolate it from fresher waters uphole.

Brad Hill
APD Evaluator

11/30/2006
Date / Time

Surface Statement of Basis

The surface and minerals for the proposed location are both owned by SITLA. Mr. Jim Davis represented SITLA at the pre-site and had no concerns not covered in the APD. The proposed location appears to be the best site for drilling and operating a well in the immediate area.

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

Topography is characterized by broad open flats dissected by numerous sub-drainages, which often become steep with ridges and draws with exposed sandstone layers. No perennial streams occur in drainage. Individual draws or washes are ephemeral with spring runoff or flows from sometimes-intense summer rainstorms. White River is to the northeast about 3 miles. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This proposed location is on the end of a flat -topped ridge with deep, steep-sided draws to the east and west. To the north is a deep main draw running in a southeast direction. Mr. Carroll Estes stated they would line the reserve pit with a double 20 mil liner to insure against leakage. Approximately 0.5 miles of new access is required to reach the location.

Floyd Bartlett
Onsite Evaluator

11/17/2006
Date / Time

Conditions of Approval / Application for Permit to Drill

Category	Condition
Pits	Two synthetic liners with a minimum thickness of 20 mils with a felt subliner shall be properly installed and maintained in the reserve pit.

ON-SITE PREDRILL EVALUATION

Utah Division of Oil, Gas and Mining

Operator KERR-MCGEE OIL & GAS ONSHORE, LP
Well Name STATE 1021-36D
API Number 43-047-38845-0 **APD No** 164 **Field/Unit** UNDESIGNATED
Location: 1/4,1/4 NWNW **Sec** 36 **Tw** 10S **Rng** 21E 0 FL 0 FL
GPS Coord (UTM) 627730 4418423 **Surface Owner**

Participants

Floyd Bartlett (DOGM), Jim Davis (SITLA), Carroll Estes and Tony Kazneik (Kerr McGee), David Kay (UELS).

Regional/Local Setting & Topography

The general area is the Sand Wash Drainage of Uintah, County. Sand Wash is approximately 36 air miles south of Vernal, Utah and approximately 18 miles southeast of Ouray, Utah. Access is by State of Utah Highways, Uintah County and oilfield development roads a distance of 51 miles from Vernal, UT.

Topography is characterized by broad open flats dissected by numerous sub-drainages, which often become steep with ridges and draws with exposed sandstone layers. No perennial streams occur in drainage. Individual draws or washes are ephemeral with spring runoff or flows from sometimes-intense summer rainstorms. White River is to the northeast about 3 miles. No springs exist in the area. An occasional constructed pond occurs furnishing water for antelope or livestock.

This proposed location is on the end of a flat -topped ridge with deep steep-sided draws on both sides. To the north is a deep main draw running in a southeast direction. Approximately 0.5 miles of new access is required to reach the location.

Surface Use Plan

Current Surface Use

Grazing

Wildlife Habitat

New Road

Miles	Well Pad		Src Const Material	Surface Formation
0.5	Width 308	Length 350	Onsite	UNTA

Ancillary Facilities N

Waste Management Plan Adequate? Y

Environmental Parameters

Affected Floodplains and/or Wetland N

Flora / Fauna

Sparse cover of big sage, black sage, curly mesquite and broom snakeweed. Antelope, rabbits, small reptiles, birds and mammals. Sheep graze the area in the winter

Soil Type and Characteristics

Shallow sandy loam with surface rock.

Erosion Issues N

Sedimentation Issues N

Site Stability Issues Y

Need to assure that reserve pit does not leak. Canyons with steep sideslopes on 3 sides.

Drainage Diversion Required N

Berm Required? N

Erosion Sedimentation Control Required? N

Paleo Survey Run? Y **Paleo Potential Observed?** N **Cultural Survey Run?** Y **Cultural Resources?**

Reserve Pit

Site-Specific Factors

Site Ranking

Distance to Groundwater (feet)	>200	0
Distance to Surface Water (feet)	>1000	0
Dist. Nearest Municipal Well (ft)	>5280	0
Distance to Other Wells (feet)	>1320	0
Native Soil Type	Mod permeability	10
Fluid Type	Fresh Water	5
Drill Cuttings	Normal Rock	0
Annual Precipitation (inches)	<10	0
Affected Populations	<10	0
Presence Nearby Utility Conduits	Not Present	0
Final Score		15
		1
		Sensitivity Level

Characteristics / Requirements

150' by 70' and 10'deep. The reserve pit is all within cut on the south east side of the location. A 15' wide bench is planned around the outer edges and 2' of freeboard.

A pit liner is required. Kerr McGee lines all pits with a 20 mil liner and a felt sub-liner. Carroll Estes stated they would line this pit with a double 20 mil liner.

Closed Loop Mud Required? **Liner Required?** Y **Liner Thickness** 20 **Pit Underlayment Required?** Y

Other Observations / Comments

A ROW for the access road and pipeline is required from the BLM

Floyd Bartlett
Evaluator

11/17/2006
Date / Time

Casing Schematic

Surface

BHP

$0.052(8770)11.3 = 5153 \text{ psi}$
anticipate 3508 @ surf

Gas

$0.12(8770) = 1052$
 $5153 - 1052 = 4101 \text{ psi}$
MASP

9-5/8"
MW 8.4
Frac 19.3

BOPE 5M ✓

Burst 2270

70% = 1589 psi

Max P @ surf. shoe
 $0.22(6970) = 1533$
 $5153 - 1533 = 3620 \text{ psi}$

test to 1589 ✓

Stop ⇒ surf. cmt ✓

✓ Adequate DWD 12/13/06

4-1/2"
MW 11.3

TOC @ 0.

Winta
TOC to surf w/9% w/o

TOC @ 441.

* Surf. stop ✓

943' Green River

1236' Birds Nest Water

1754' Mahogany
Surface
1800. MD

3400' BMSW

4070' Wasatch

6678' Mesaverde

7647' MVU 2

8267' MVL 1

Production
8770. MD

Well name:

2006-12 Kerr McGee State 1021-36DOperator: **Kerr McGee Oil & Gas Onshore, LP**String type: **Surface**

Project ID:

43-047-38845

Location: **Uintah County, Utah****Design parameters:****Collapse**Mud weight: 8.400 ppg
Design is based on evacuated pipe.**Minimum design factors:****Collapse:**

Design factor 1.125

Burst:

Design factor 1.00

Environment:H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 100 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: 441 ft

BurstMax anticipated surface
pressure: 1,584 psi
Internal gradient: 0.120 psi/ft
Calculated BHP 1,800 psi

No backup mud specified.

Tension:8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.

Neutral point: 1,578 ft

Non-directional string.**Re subsequent strings:**Next setting depth: 8,770 ft
Next mud weight: 11.300 ppg
Next setting BHP: 5,148 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 1,800 ft
Injection pressure: 1,800 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	1800	9.625	32.30	H-40	ST&C	1800	1800	8.876	795.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	785	1370	1.744	1800	2270	1.26	51	254	4.98 J

Prepared Helen Sadik-Macdonald
by: Div of Oil, Gas & MineralsPhone: (801) 538-5357
FAX: (801) 359-3940Date: December 11, 2006
Salt Lake City, Utah**Remarks:**

Collapse is based on a vertical depth of 1800 ft, a mud weight of 8.4 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	2006-12 Kerr McGee State 1021-36D	
Operator:	Kerr McGee Oil & Gas Onshore, LP	
String type:	Production	Project ID: 43-047-38845
Location:	Uintah County, Utah	

Design parameters:
Collapse

Mud weight: 11.300 ppg
Design is based on evacuated pipe.

Minimum design factors:
Collapse:

Design factor 1.125

Burst:

Design factor 1.00

Environment:

H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 198 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,500 ft

Cement top: Surface

Burst

Max anticipated surface pressure: 3,219 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 5,148 psi

No backup mud specified.

Tension:

8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Non-directional string.

Tension is based on buoyed weight.
Neutral point: 7,289 ft

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	8770	4.5	11.60	I-80	LT&C	8770	8770	3.875	765.3
Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5148	6360	1.235	5148	7780	1.51	85	212	2.51 J

Prepared by: Helen Sadik-Macdonald
Div of Oil, Gas & Minerals

Phone: (801) 538-5357
FAX: (801) 359-3940

Date: December 11, 2006
Salt Lake City, Utah

Remarks:

Collapse is based on a vertical depth of 8770 ft, a mud weight of 11.3 ppg. The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.



Kerr-McGee Oil & Gas OnShore LP
1999 Broadway, Suite 3700, Denver, Colorado 80202
303-296-3600 • Fax 303-296-3601

January 8, 2007

Ms. Diana Mason
Division of Oil, Gas and Mining
P.O. Box 145801
Salt Lake City, UT 84114-6100

RE: State 1021-36D
T10S-R21E
Section 36: NWNW
1188' FNL, 702' FWL
Uintah County, Utah

Dear Ms. Mason:

Kerr-McGee Oil & Gas Onshore LP, formerly known as Westport Oil and Gas Company, L.P. has submitted a permit to drill the captioned well to test the Wasatch and Mesaverde formations. The well is located at an exception location to State Rule 649-3-2 (State Wide). The well location was moved for topographic reasons. Kerr-McGee owns 100% of the leasehold within 460 feet of the exception location of the offset lands and has no objection to the exception location.

Kerr-McGee requests your approval of this exception location. If you have any questions, call me at 720-264-2618. Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Chris Latimer'.

W. Chris Latimer, CPL
Senior Landman

cc: Raleen White

RECEIVED

JAN 11 2007

DIV. OF OIL, GAS & MINING

From: Ed Bonner
To: Mason, Diana
Date: 2/14/2007 9:50 AM
Subject: The following wells have been given cultural resource clearance by the Trust Lands Cultural Resource

CC: Davis, Jim; Garrison, LaVonne; Hill, Brad; Hunt, Gil; sheila.upchego...
The following wells have been given cultural resource clearance by the Trust Lands Cultural Resources Group:

Kerr McGee Oil & Gas Onshore LP
NBU 1022-7H-4 (API 43 047 38570)
NBU 1021-2E (API 43 047 38838)
NBU 1021-2F (API 43 047 38839)
NBU 1021-2M (API 43 047 38841)
NBU 1021-2K (API 43 047 38842)
NBU 1021-2L (API 43 047 38843)
NBU 1021-2J (API 43 047 38844)
NBU 1021-36D (API 43 047 38845)
NBU 1021-36E (API 43 047 38846)
NBU 1021-36F (API 43 047 38847)
NBU 1021-36N (API 43 047 38848)
NBU 1021-36K (API 43 047 38849)
NBU 1021-36C (API 43 047 38850)
NBU 1021-1G (API 43 047 39001)
NBU 1021-1O (API 43 047 39002)
NBU 1021-1P (API 43 047 39003)
NBU 1021-30I (API 43 047 39020)
NBU 1021-30J (API 43 047 39021)
NBU 1021-30K (API 43 047 39022)
NBU 1021-30L (API 43 047 39023)
NBU 1021-30M (API 43 047 39024)
NBU 1021-30N (API 43 047 39025)

If you have any questions regarding this matter please give me a call.



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

February 14, 2007

Kerr-McGee Oil & Gas Onshore LP
1368 S 1200 E
Vernal, UT 84078

Re: State 1021-36D Well, 1188' FNL, 702' FWL, NW NW, Sec. 36, T. 10 South,
R. 21 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-38845.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor (via e-mail)
SITLA

Operator: Kerr-McGee Oil & Gas Onshore LP
Well Name & Number State 1021-36D
API Number: 43-047-38845
Lease: ML-47060

Location: NW NW Sec. 36 T. 10 South R. 21 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

- 24 hours prior to cementing or testing casing – contact Dan Jarvis
- 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
- 24 hours prior to spudding the well – contact Carol Daniels
- Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
- Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

- Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
- Any changes to the approved drilling plan – contact Dustin Doucet

The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

- Dan Jarvis at: (801) 538-5338 office
(801) 733-0983 home
- Carol Daniels at: (801) 538-5284 office
- Dustin Doucet at: (801) 538-5281 office
(801) 733-0983 home

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.
5. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)
6. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.
7. Surface casing shall be cemented to the surface.

DIVISION OF OIL, GAS AND MINING

SPUDDING INFORMATION

Name of Company: KERR-McGEE OIL & GAS ONSHORE, LP

Well Name: STATE 1021-36D

Api No: 43-047-38845 Lease Type: STATE

Section 36 Township 10S Range 21E County UINTAH

Drilling Contractor CRAIG'S ROUSTABOUT SERV RIG # RATHOLE

SPUDDED:

Date 10/30/07

Time 11:00 AM

How DRY

Drilling will Commence: _____

Reported by LOU WELDON

Telephone # (435) 828-7035

Date 10/31/07 Signed CHD

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE LP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188'FNL, 702'FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36 10S 21E		8. WELL NAME and NUMBER: STATE 1021-36D 9. API NUMBER: 4304738845 10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
		COUNTY: UINTAH STATE: UTAH

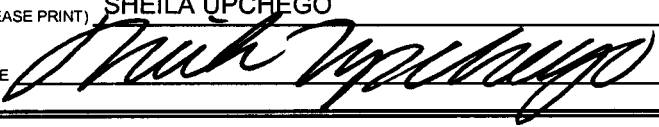
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: WELL SPUD
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU PETE MARTIN BUCKET RIG. DRILLED 20" CONDUCTOR HOLE TO 40'. RAN 14" 36.7# SCHEDULE 10 PIPE. CMT W/28 SX READY MIX.

SPUD WELL LOCATION ON 10/30/2007 AT 1100 HRS.

NAME (PLEASE PRINT) SHEILA UPCHEGO	TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE 	DATE 10/31/2007

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

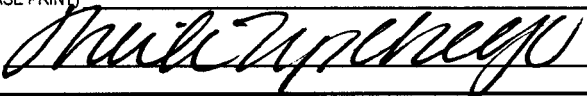
SUNDRY NOTICES AND REPORTS ON WELLS		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
7. UNIT or CA AGREEMENT NAME:		8. WELL NAME and NUMBER: STATE 1021-36D
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		9. API NUMBER: 4304738845
2. NAME OF OPERATOR: KERR McGEE OIL & GAS ONSHORE LP		10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078		PHONE NUMBER: (435) 781-7024
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188'FNL, 702'FWL		COUNTY: UINTAH
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36 10S 21E		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input checked="" type="checkbox"/> OTHER: SET SURFACE CSG.
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

MIRU BILL MARTIN AIR RIG ON 11/14/2007. DRILLED 12 1/4" SURFACE HOLE TO 1870'. RAN 9 5/8" 42 JTS OF 32.3# H-40 AND 2 JTS OF 36# J-55 SURFACE CSG. LEAD CMT W/150 SX HIFILL CLASS G @11.0 PPG 3.82 YIELD. TAILED CMT W/200 SX PREM CLASS G @15.8 PPG 1.15 YIELD. GOOD RETURNS 20 +/- BBL LEAD CMT TO PIT. RAN 200' OF 1" PIPE. CMT W/100 SX PREM CLASS G @15.8 PPG 1.15 YIELD. GOOD CMT TO SURFACE AND FELL BACK. TOP OUT W/65 SX PREM CLASS G @15.8 PPG 1.15 YIELD. DOWN BACKSIDE GOOD CMT TO SURFACE HOLE STAYED FULL.

WORT.

NAME (PLEASE PRINT) SHEILA UPCHEGO	TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE 	DATE 11/26/2007

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL

OIL WELL ☐

GAS WELL ☒

OTHER _____

2. NAME OF OPERATOR:

KERR McGEE OIL & GAS ONSHORE LP

3. ADDRESS OF OPERATOR:

1368 SOUTH 1200 EAST

CITY VERNAL

STATE UT

ZIP 84078

PHONE NUMBER:

(435) 781-7024

5. LEASE DESIGNATION AND SERIAL NUMBER:

ML-47060

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

STATE 1021-36D

9. API NUMBER:

4304738845

10. FIELD AND POOL, OR WILDCAT:

NATURAL BUTTES

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 1188'FNL, 702'FWL

COUNTY: UINTAH

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36 10S 21E

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ NOTICE OF INTENT
(Submit in Duplicate)

Approximate date work will start:

☒ SUBSEQUENT REPORT
(Submit Original Form Only)

Date of work completion:

☐ ACIDIZE

☐ ALTER CASING

☐ CASING REPAIR

☐ CHANGE TO PREVIOUS PLANS

☐ CHANGE TUBING

☐ CHANGE WELL NAME

☐ CHANGE WELL STATUS

☐ COMMINGLE PRODUCING FORMATIONS

☐ CONVERT WELL TYPE

☐ DEEPEN

☐ FRACTURE TREAT

☐ NEW CONSTRUCTION

☐ OPERATOR CHANGE

☐ PLUG AND ABANDON

☐ PLUG BACK

☐ PRODUCTION (START/RESUME)

☐ RECLAMATION OF WELL SITE

☐ RECOMPLETE - DIFFERENT FORMATION

☐ REPERFORATE CURRENT FORMATION

☐ SIDETRACK TO REPAIR WELL

☐ TEMPORARILY ABANDON

☐ TUBING REPAIR

☐ VENT OR FLARE

☐ WATER DISPOSAL

☐ WATER SHUT-OFF

☒ OTHER: SET SURFACE CSG.

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

FINISHED DRILLING FROM 1870' TO 8866' ON 12/05/2007. RAN 4 1/2" 11.6# I-80 PRODUCTION CSG. LEAD CMT W/380 SX PREM LITE II @11.8 PPG 2.82 YIELD. TAILED CMT W/1150 SX 50/50 POZ @14.3 PPG 1.31 YIELD. DISPLACEMENT BUMP PLUG FLOATS HELD 21 BBL LEAD CMT TO RES PIT LAND CSG. W/60,000# & TEST SAME L/D LANDING JT. CLEAN PITS.

RELEASED PIONEER RIG 41 ON 12/06/2007 AT 1800 HRS

RECEIVED
DEC 14 2007
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) SHEILA UPCHEGO

TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE

DATE 12/10/2007

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STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
2. NAME OF OPERATOR: KERR MCGEE OIL & GAS ONSHORE LP		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 1368 SOUTH 1200 EAST CITY VERNAL STATE UT ZIP 84078		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188'FNL, 702'FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWNW 36 10S 21E		8. WELL NAME and NUMBER: STATE 1021-36D
PHONE NUMBER: (435) 781-7024		9. API NUMBER: 4304738845
		10. FIELD AND POOL, OR WILDCAT: NATURAL BUTTES
		COUNTY: UINTAH
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA			
TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input checked="" type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: PRODUCTION START-UP
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

THE SUBJECT WELL LOCATION WAS PLACED ON PRODUCTION ON 01/28/2008 AT 9:45 AM.

PLEASE REFER TO THE ATTACHED CHRONOLOGICAL WELL HISTORY.

RECEIVED

FEB 05 2008

DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) SHEILA UPCHEGO	TITLE SENIOR LAND ADMIN SPECIALIST
SIGNATURE 	DATE 1/30/2008

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Anadarko Petroleum Corporation
1368 S. 1200 East
Vernal, UT 84078

CHRONOLOGICAL WELL HISTORY

STATE 1021-36D

LOCATION NWNW, SEC.36, T10S, R21E
UINTAH COUNTY, UT

DATE	ACTIVITY	STATUS
10/09/07	LOCATION STARTED PIONEER 41	
10/29/07	LOCATION COMPLETED PIONEER 41	P/L IN, WOBR
11/22/07	TD: 1870' Csg. 9 5/8" @ 1852' MW: 8.4 Move to State 1021-36D. SDFN.	SD: 11/xx/07 DSS: 0
11/23/07	TD: 1870' Csg. 9 5/8" @ 1852' MW: 8.4 Spot rig and RURT. 60% rigged up @ report time.	SD: 11/xx/07 DSS: 0
11/26/07	TD: 1870' Csg. 9 5/8" @ 1852' MW: 8.4 Raise and pin derrick. Damaged derrick. W/O DSI inspector. Evaluate damage and start repair to derrick.	SD: 11/xx/07 DSS: 0
11/27/07	TD: 1870' Csg. 9 5/8" @ 1852' MW: 8.4 Repair derrick. Test BOPE. PUDS @ report time.	SD: 11/xx/07 DSS: 0
11/28/07	TD: 2834' Csg. 9 5/8" @ 1852' MW: 8.4 PUDS and drill FE. Survey @ shoe 4.5 deg. POOH for dropping bit. Pull down reserve pit and replace pit liner. TIH and rotary spud @ 1630 hrs 11/27/07. Drill from 1870'-2834. DA.	SD: 11/27/07 DSS: 1
11/29/07	TD: 4579' Csg. 9 5/8" @ 1852' MW: 9.0 Drill from 2834'-4579'. DA.	SD: 11/27/07 DSS: 2
11/30/07	TD: 5878' Csg. 9 5/8" @ 1852' MW: 9.3 Drill from 4579'-5878'. DA.	SD: 11/27/07 DSS: 3
12/03/07	TD: 8158' Csg. 9 5/8" @ 1852' MW: 10.7 Drill from 5878'-6036'. TFNB. Drill to 8158'. TFNB @ report time.	SD: 11/27/07 DSS: 6
12/04/07	TD: 8601' Csg. 9 5/8" @ 1852' MW: 11.5 TFNB and MM. Drill from 8158'-8601'. DA @ report time.	SD: 11/27/07 DSS: 7
12/05/07	TD: 8866' Csg. 9 5/8" @ 1852' MW: 12.3 Drill from 8601'-8836'. CCH and short trip. Deepen well to 8866'. Short trip and LDDS @ report time.	SD: 11/27/07 DSS: 8
12/06/07	TD: 8866' Csg. 9 5/8" @ 1852' MW: 12.3 LDDS. Run Triple Combo. Run 4 1/2" Production Casing. CCH and W/O BJ cement. Bulk plant down.	SD: 11/27/07 DSS: 9
12/07/07	TD: 8866' Csg. 9 5/8" @ 1852' MW: 12.3	SD: 11/27/07 DSS: 10

CCH while W/O cmt. Cmt prod csg, land hanger, clean pits, and rls rig @ 1800 hrs on 12/6/07.
Note: rig will remain on location for ±4 days while repairing derrick sheaves.

12/10/07 TD: 8866' Csg. 9 5/8" @ 1852' MW: 12.3 SD: 11/27/07 DSS: 10
Replace derrick sheaves. String new bridal line. Rig down floor and prepare to lower derrick.

12/11/07 TD: 8866' Csg. 9 5/8" @ 1852' MW: 12.3 SD: 11/27/07 DSS: 10
Lower derrick and RDRT.

01/21/08 **MIRU PICK UP TBG**

Days On Completion: 1

Remarks: (DAY # 1) JSA #1. RD/MO NBU 1022 17J, ROAD RIG TO STATE 1021 36-D, MIRU, SPOT EQUIPT, ND/WH, NU/BOP, RU FLOOR AND TBG EQUIP. P/U 3-7/8" MILL & 185 JTS NEW 2-3/8" J-55 TBG, RIH TO @ 5800', PULLED 5 STAND, SWIFN.

01/22/08 **POOH W/TBG /TEST CASING**

Days On Completion: 2

Remarks: (DAY 2) JSA # 2 POOH W/ 2-3/8" J-55 TBG STANDING IN DERRICK, LAY DOWN MILL. ND/BOPS, NU/ FRAC VALVES, TESTED CSG & FRAC VALVE TO 7,500 PSI. OK. READY TO PERF AND FRAC IN AM. SDFN.

01/23/08 **Perf & Frac**

Days On Completion: 3

Remarks: (DAY 3) SAFTEY MEETING W/ BJ FRAC CREW.

(STG # 1) MIRU CUTTER WIRELINE, RIH W/ PERF GUNS AND PERF THE M.V. @ 8384-8386', 8344 - 8350' & 8300 - 8302', USING 3-3/8" EXP GUNS, 23gm, 0.36 HOLE, 90* PHS, 4-SPF, 40 HOLES. WHP 0 #. BRK DN PERF 3334 # @ 3 B/M, INJ RP 5158 #, INJ RT 42.5 B/M, ISIP 3136 #, F.G. = 0.82, PMPD 3 BBLS 15% HCL AHEAD OF INJ, CALC ALL (40/40) PERF OPEN, PMPD 951 BBLS SLK WTR & 32157 # 30/50 SD. ISIP = 3389 # F.G. = 0.85, NPI = 254, MP = 5390 #, MR = 42.9 B/M, AP = 5270 #, AR = 42.9 B/M.

(STG # 2) RIH W/ BAKER 8K CBP & PERF GUNS, SET CBP @ 8220', PERF THE M.V. @ 8183 - 8185', 8146 - 8152', AND 8110 - 8112', USING 3-3/8" EZP GUN, 23gm., 0.36 HOLE, 90* PHS, 4-SPF, 40 HOLES. WHP 430 # BRK DN PERF 3942 # @ 4 B/M, INJ P 5066 #, INJ RT 49.8 B/M, ISIP 3013 # F.G. .81, CALC ALL (40/40) PERF OPEN, PMPD 1624 BBLS SLK WTR AND 59757 # 30/50 SD., ISIP 7346 #, F.G. = 1.34, NPI = 4333, MP = 7500 # MR = 50.1 B/M, AP = 6140 #, AR = 50.1 B/M.

(STG # 3) RIH W/ BAKER 8K CBP & PERF GUNS, SET CBP @ ', PERF THE M.V. @ 7248'-7252', 7190' - 7193' & 7113' - 7116', USING 3-3/8" EXP GUNS, 23gm, 0.36 HOLE, 90* PHS, 4-SPF, 40 HOLES, WHP 470 # BRK DN PERF 4057 # @ 3 B/M, INJ P 4872 #, INJ RT 47.7 B/M, ISIP 2841 #, F.G. .84 CALC ALL (40/40) PERF OPEN, PMPD 3179.3 BBLS SLK WTR & 121444 # 30/50 SD. ISIP = 2817 #, F.G. = .83, NPI = -24, MP = 4972 #, MR = 50.6 B/M, AP = 4564 #, AR = 50.3 B/M.

(STG # 4) RIH W/ BAKER 8K CBP & PERF GUNS, SET CBP @ 6805' PERF THE M.V. @ 6767' - 6775' AND 6647' - 6649', USING 3- 3/8". EZP GUN,, 23gm, 0.36 HOLE, 90* PHS, 4-SPF, 40 HOLES, WHP 400 #. BRK DN PERF 2931# @ 5 B/M, INJ P 5018 #, INJ RT 48.8 B/M, ISIP = 2836 #, F.G. = .87, CALC ALL (40/40) PERF OPEN, PMPD 1270.8 BBLS SLK WTR & 46270 # 30/50 SD. ISIP = 3536 #, F.G. = .97, NPI = 700, MP = 5310 #, MR = 49.6 B/M, AP = 5070 #, AR = 48.8 B/M.

(STG # 5) RIH W/ BAKER 8K CBP & PERF GUNS, SET CBP @ 5893', PERF THE WASATCH @ 5858' - 5863' & AGAIN @ 5858' - 5863', USING 3-3/8" EXP GUNS, 23gm, 0.36 HOLE, 90* PHS, 4-SPF, 40 HOLES, WHP 220 #. BRK DN PERF @ 3274 #, @ 4 B/M, INJ P 3611#, INJ

RT 50.4 B/M, ISIP = 1745 #, F. G. = .74 , CALC 99 % (39/40) PERF OPEN, PMPD 577 BBL
SLK WTR & 18977 # 30/50 SD. ISIP = 2312 #, F.G. = .84 , NPI = 567, MP = 3630 #, MR 50.9
B/M, AP 3400 #, AR50.6 B/M.

(STG # 6) RIH W/ BAKER 8K CBP AND PERF GUNS, SET CBP @ ' , PERF THE WASATCH
@ 5069' - 5073', AND AGAIN @ 5069' - 5073', USING 3-3/8" EXP GUNS, 23gm ,.36 HOLE 90*
PHS, 4-SPF, 32 HOLES, WHP 245 # BRK DN PERF @ 3385 # @ 52.3 B/M, INJ P 3245 #, INJ
RT 52.3 B/M, ISIP = 1554 #, F.G..75, CALC 99% (31/32) PERF OPEN, PMPD 534 BBLs SLK
WTR & 18265 # 30/50 SD. ISIP = 2413 #, F.G. = .92 , NPI = 859, MP = 3370 #, MR = 52.2 B/M,
AP = 3300 #, AR = 52.1 B/M.

(KILL PLUG)RIH W/ BAKER 8K CBP, SET @ 4965', POOH. RD CUTTER AND BJ
FRAC.TOTAL FLUID 8136 BBLs, TOTAL SAND 296,865 # 30/50 SD,

01/24/08

DRILL CBP' S

Days On Completion: 4

Remarks: NO PRESSURE ON WELL. ND/FRAC VALVE, NU/BOP, RIG UP FLOOR & TBG
EQUIP. PU/3-7/8" BIT, POBS, XN-NIPPLE,RIH W/ 2-3/8" NEW J-55 TBG, TAG FILL @ 4932',
RU/POWER SWIVEL, BROKE CIRC, P.T. BOP TO 3000 Psi (HELD GOOD) (DRLG CBP # 1)
4965', DRILL OUT BAKER 8K CBP IN 5 MIN., 10 # DIFF, RIH TAG SAND @ 5075', C/O 28 ' OF
SD. FCP 10 #. (DRLG CBP # 2) 5103', DRILL OUT BAKER 8K CBP IN 10 MIN, 5 # DIFF, RIH
TAG SD. @ 5855 ' , C/O 38 ' SD., FCP 15 #. (DRLG CBP # 3) 5893', DRILL OUT BAKER 8K
CBP IN 10 MIN. 5 # DIFF, CIRC WELL CLEAN, POOH TO 4965'. FCP 25 #. SWIFN. DRAIN
PUMP & LINES.

01/25/08

DRILL CBP' & LAND

Days On Completion: 5

Remarks: (DAY # 5) JSA # 4. 300 PSI ON CSG, BLEED DN TO PIT IN 5 MIN. TIH TAG 6698',
FCP 15 #, C/O 107' SAND, FCP 15 #. (DRLG CBP # 4) 6805', DRILL OUT BAKER 8K CBP IN
20 MIN. 0 # DIFF. RIH TAG SAND @ 7173' , C/O 117' SAND. (DRLG CBP # 5) 7290', DRILL
OUT BAKER 8K CBP IN 20 MIN, 0 # DIFF, RIH TAG SAND @ 8110 ' , C/O 110 ' SAND. (DRLG
CBP # 6) 8220', DRILL OUT BAKER 8K CBP IN 30 MIN. 50 # DIFF. RIH TAG SAND @ 8656' ,
C/O 0 ' SAND TO PBTD @ 8656 ' , CIRC WELL CLEAN, R/D POWER SWIVEL, POOH L/D 19
JTS ON FLOAT, LAND TBG ON HANGER W/ 257 JTS. EOT @ 8090.43', POBS W/ XN-NIPPLE
@ 8090.43 ' , AVG 16 MIN / PLUG @ C/O 403 ' OF SAND. R/D FLOOR & TBG EQUIP. FCP = 50
#. ND/BOP NU/WH. DROP BALL DN TBG & PUMPED OFF BIT @ 1800 #, WAIT 30 MIN FOR
BIT TO FALL TO BTM. OPEN WELL TO FBT ON 20/64 CHOKE. FTP = 100 #, SICP = 400 #,
6:00 PM TURN WELL OVER TO FBC W/ 7,888 BBLs WTR LTR. RACK EQUIP AND DRAIN
PUMP AND LINES

287 JTS DELV.	KB =	18.00'
257 JTS LANDED	HANGER =	.80
30 JTS RETURNED	257 JTS =	8067.88
	XN-NIPPLE =	1.35
	POBS =	2.40
	EOT =	8090.43 '

01/26/08

FLOWBACK REPORT: CP 500#, TP 400#, CK 20/64", 60 BWPH, LOAD REC'D 1778 BBLs,
REMAINING LTR 6110 BBLs

01/27/08

FLOWBACK REPORT: CP 700#, TP 500#, CK 20/64", 35 BWPH, LOAD REC'D 975 BBLs,
REMAINING LTR 5135 BBLs

01/28/08

FLOWBACK REPORT: CP 1900#, TP 800#, CK 20/64", 17 BWPH, LOAD REC'D 561 BBLs,
REMAINING LTR 4574 BBLs

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

AMENDED REPORT ☐ FORM 8
(highlight changes)

5. LEASE DESIGNATION AND SERIAL NUMBER:
ML-47060

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. TYPE OF WELL: OIL WELL ☐ GAS WELL ☒ DRY ☐ OTHER _____

b. TYPE OF WORK: NEW WELL ☒ HORIZ. LATS. ☐ DEEP-EN ☐ RE-ENTRY ☐ DIFF. RESVR. ☐ OTHER _____

2. NAME OF OPERATOR:
KERR MCGEE OIL & GAS ONSHORE LP

3. ADDRESS OF OPERATOR: 1368 S 1200 E CITY VERNAL STATE UT ZIP 84078
PHONE NUMBER: (435) 781-7024

4. LOCATION OF WELL (FOOTAGES)
AT SURFACE: 1188'FNL, 702'FWL

AT TOP PRODUCING INTERVAL REPORTED BELOW:

AT TOTAL DEPTH:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME

7. UNIT or CA AGREEMENT NAME
UNIT #891008900A

8. WELL NAME and NUMBER:
STATE 1021-36D

9. API NUMBER:
4304738845

10. FIELD AND POOL, OR WILDCAT
NATURAL BUTTES

11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:
NWNW 36 10S 21E

12. COUNTY
UINTAH

13. STATE
UTAH

14. DATE SPURRED: 10/30/2007 15. DATE T.D. REACHED: 12/5/2007 16. DATE COMPLETED: 1/28/2008
ABANDONED ☐ READY TO PRODUCE ☒

18. TOTAL DEPTH: MD 8,866 TVD 19. PLUG BACK T.D.: MD 8,656 TVD 20. IF MULTIPLE COMPLETIONS, HOW MANY? * 21. DEPTH BRIDGE MD PLUG SET: TVD

22. TYPE ELECTRIC AND OTHER MECHANICAL LOGS RUN (Submit copy of each)
CBL-CCL-GR, SD, DSN, ACTR

23. WAS WELL CORED? NO ☒ YES ☐ (Submit analysis)
WAS DST RUN? NO ☒ YES ☐ (Submit report)
DIRECTIONAL SURVEY? NO ☒ YES ☐ (Submit copy)

24. CASING AND LINER RECORD (Report all strings set in well)

HOLE SIZE	SIZE/GRADE	WEIGHT (#/ft.)	TOP (MD)	BOTTOM (MD)	STAGE CEMENTER DEPTH	CEMENT TYPE & NO. OF SACKS	SLURRY VOLUME (BBL)	CEMENT TOP **	AMOUNT PULLED
20"	14" STL	36.7#		40		28			
12 1/4"	9 5/8 H-40	32.3# 36#		1,870		515			
7 7/8"	4 1/2 I-80	11.6#		8,866		1530			

25. TUBING RECORD

SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)	SIZE	DEPTH SET (MD)	PACKER SET (MD)
2 3/8"	8,090							

26. PRODUCING INTERVALS

FORMATION NAME	TOP (MD)	BOTTOM (MD)	TOP (TVD)	BOTTOM (TVD)	INTERVAL (Top/Bot - MD)	SIZE	NO. HOLES	PERFORATION STATUS
(A) WASATCH	5,069	5,863			5,069 5,863	0.36	72	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(B) WSTCH/MESA	6,649	6,775			6,649 6,775	0.36	40	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(C) MESAVERDE	7,113	8,386			7,113 8,386	0.36	120	Open <input checked="" type="checkbox"/> Squeezed <input type="checkbox"/>
(D)								Open <input type="checkbox"/> Squeezed <input type="checkbox"/>

28. ACID, FRACTURE, TREATMENT, CEMENT SQUEEZE, ETC.

DEPTH INTERVAL	AMOUNT AND TYPE OF MATERIAL
5069'-5863'	PMP 1111 BBLS SLICK H2O & 37,237# 30/50 SD
6649'-6775'	PMP 1271 BBLS SLICK H2O & 46,270# 30/50 SD
7113'-8386'	PMP 5754 BBLS SLICK H2O & 213,358# 30/50 SD

29. ENCLOSED ATTACHMENTS:

☐ ELECTRICAL/MECHANICAL LOGS ☐ GEOLOGIC REPORT ☐ DST REPORT ☐ DIRECTIONAL SURVEY
☐ SUNDRY NOTICE FOR PLUGGING AND CEMENT VERIFICATION ☐ CORE ANALYSIS ☐ OTHER: _____

30. WELL STATUS:

PROD

31. INITIAL PRODUCTION

INTERVAL A (As shown in item #26)

DATE FIRST PRODUCED: 1/28/2008	TEST DATE: 2/1/2008	HOURS TESTED: 24	TEST PRODUCTION RATES: →	OIL – BBL: 0	GAS – MCF: 760	WATER – BBL: 307	PROD. METHOD: FLOWING
CHOKE SIZE: 20/64	TBG. PRESS. 508	CSG. PRESS. 1,219	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS: PROD

INTERVAL B (As shown in item #26)

DATE FIRST PRODUCED: 1/28/2008	TEST DATE: 2/1/2008	HOURS TESTED: 24	TEST PRODUCTION RATES: →	OIL – BBL: 0	GAS – MCF: 760	WATER – BBL: 307	PROD. METHOD: FLOWING
CHOKE SIZE: 20/64	TBG. PRESS. 508	CSG. PRESS. 1,219	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS: PROD

INTERVAL C (As shown in item #26)

DATE FIRST PRODUCED: 1/28/2008	TEST DATE: 2/1/2008	HOURS TESTED: 24	TEST PRODUCTION RATES: →	OIL – BBL: 0	GAS – MCF: 760	WATER – BBL: 307	PROD. METHOD: FLOWING
CHOKE SIZE: 20/64	TBG. PRESS. 508	CSG. PRESS. 1,219	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS: PROD

INTERVAL D (As shown in item #26)

DATE FIRST PRODUCED:	TEST DATE:	HOURS TESTED:	TEST PRODUCTION RATES: →	OIL – BBL:	GAS – MCF:	WATER – BBL:	PROD. METHOD:
CHOKE SIZE:	TBG. PRESS.	CSG. PRESS.	API GRAVITY	BTU – GAS	GAS/OIL RATIO	24 HR PRODUCTION RATES: →	INTERVAL STATUS:

32. DISPOSITION OF GAS (Sold, Used for Fuel, Vented, Etc.)

SOLD

33. SUMMARY OF POROUS ZONES (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

34. FORMATION (Log) MARKERS:

Formation	Top (MD)	Bottom (MD)	Descriptions, Contents, etc.	Name	Top (Measured Depth)
WASATCH MESAVERDE	4,088 6,698	6,698			

35. ADDITIONAL REMARKS (Include plugging procedure)

36. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records.

NAME (PLEASE PRINT) SHEILA UPCHEGO

TITLE SENIOR LAND ADMIN SPECIALIST

SIGNATURE

DATE 2/19/2008

This report must be submitted within 30 days of

- completing or plugging a new well
- drilling horizontal laterals from an existing well bore
- recompleting to a different producing formation
- reentering a previously plugged and abandoned well
- significantly deepening an existing well bore below the previous bottom-hole depth
- drilling hydrocarbon exploratory holes, such as core samples and stratigraphic tests

* ITEM 20: Show the number of completions if production is measured separately from two or more formations.

** ITEM 24: Cement Top – Show how reported top(s) of cement were determined (circulated (CIR), calculated (CAL), cement bond log (CBL), temperature survey (TS)).

Send to: Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801

Phone: 801-538-5340

Fax: 801-359-3940

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: STATE 1021-36D
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188 FNL 0702 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 36 Township: 10.0S Range: 21.0E Meridian: S		9. API NUMBER: 43047388450000
PHONE NUMBER: 720 929-6007 Ext		9. FIELD and POOL or WILDCAT: NATURAL BUTTES
COUNTY: UTAH		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> DEEPEN <input type="checkbox"/> OPERATOR CHANGE <input checked="" type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> WILDCAT WELL DETERMINATION	<input type="checkbox"/> ALTER CASING <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> OTHER	<input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> PLUG BACK <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 8/23/2010			
<input type="checkbox"/> SPUD REPORT Date of Spud:			
<input type="checkbox"/> DRILLING REPORT Report Date:			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

THIS WELL RETURNED TO PRODUCTION ON 8/23/2010.

Accepted by the
Utah Division of
Oil, Gas and Mining

FOR RECORD ONLY

August 31, 2010

NAME (PLEASE PRINT) Andy Lytle	PHONE NUMBER 720 929-6100	TITLE Regulatory Analyst
SIGNATURE N/A		DATE 8/30/2010

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME:
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: STATE 1021-36D
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188 FNL 0702 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 36 Township: 10.0S Range: 21.0E Meridian: S		9. API NUMBER: 43047388450000
PHONE NUMBER: 720 929-6514		9. FIELD and POOL or WILDCAT: NATURAL BUTTES
COUNTY: UTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 12/28/2011	<input type="checkbox"/> ALTER CASING	
<input type="checkbox"/> SPUD REPORT Date of Spud:	<input type="checkbox"/> CASING REPAIR	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	
	<input type="checkbox"/> CHANGE TUBING	
	<input type="checkbox"/> CHANGE WELL STATUS	
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	
	<input type="checkbox"/> CONVERT WELL TYPE	
	<input type="checkbox"/> DEEPEN	
	<input type="checkbox"/> FRACTURE TREAT	
	<input type="checkbox"/> NEW CONSTRUCTION	
	<input type="checkbox"/> OPERATOR CHANGE	
	<input type="checkbox"/> PLUG AND ABANDON	
	<input type="checkbox"/> PLUG BACK	
	<input checked="" type="checkbox"/> PRODUCTION START OR RESUME	
	<input type="checkbox"/> RECLAMATION OF WELL SITE	
	<input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION	
	<input type="checkbox"/> REPERFORATE CURRENT FORMATION	
	<input type="checkbox"/> SIDETRACK TO REPAIR WELL	
	<input type="checkbox"/> TEMPORARY ABANDON	
	<input type="checkbox"/> TUBING REPAIR	
	<input type="checkbox"/> VENT OR FLARE	
	<input type="checkbox"/> WATER DISPOSAL	
	<input type="checkbox"/> WATER SHUTOFF	
	<input type="checkbox"/> SI TA STATUS EXTENSION	
	<input type="checkbox"/> WILDCAT WELL DETERMINATION	
	<input type="checkbox"/> OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. <div style="text-align: center;"> THE SUBJECT WELL WAS RETURNED BACK TO PRODUCTION ON 12/28/2011. </div> <div style="text-align: right; margin-top: 20px;"> Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY January 13, 2012 </div>		
NAME (PLEASE PRINT) Sheila Wopsock	PHONE NUMBER 435 781-7024	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 1/13/2012	



GARY R. HERBERT
Governor

GREGORY S. BELL
Lieutenant Governor

State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

January 26, 2012

CERTIFIED MAIL NO.: 7011 0110 0001 3568 1731

Ms. Julie Jacobson
Kerr McGee Oil and Gas
1099 18th Street, Suite 1800
Denver, CO 80202

43 047 38845
State 1021-36 D
10S 21E 36

Subject: **SECOND NOTICE: Extended Shut-in and Temporarily Abandoned Well Requirements for Wells on Fee or State Leases**

Dear Ms. Jacobson:

As of January 2012, Kerr McGee Oil and Gas (Kerr McGee) has sixteen (16) State Lease Wells (see Attachment A) that are in non-compliance with the requirements for extended shut-in or temporarily abandoned (SI/TA) status. Wells SI/TA beyond twelve (12) consecutive months requires the filing of a Sundry Notice in accordance with R649-3-36-1 for Utah Division of Oil, Gas & Mining (Division) approval. Wells with five (5) years non-activity or non-productivity shall be plugged, unless the Division grants approval for extended shut-in time upon a showing of good cause by the operator (R649-3-36-1.3.3).

This a **THIRD NOTICE** of non-compliance for NBU 1022-1314S which had a re-issued second notice on April 14, 2011. Later an approval to PA on April 19, 2011 was signed by the Division.

This is the **SECOND NOTICE** of non-compliance that Kerr McGee has received for wells listed as such on Attachment A. These wells received a first notice on April 14, 2011. Additional correspondence from Kerr McGee was received in May and June. Three (3) of the aforementioned wells (Attachment A) had previously been granted SI/TA extensions which have since expired.

This is also **FIRST NOTICE** for wells that have recently been added to Kerr McGee's non compliance list. Please submit the required information for extended SI/TA status within 30 days of this notice or further actions will be initiated.



Page 2
Kerr McGee Oil and Gas
January 26, 2012

For extended SI/TA consideration the operator shall provide the Utah Division of Oil, Gas & Mining with the following:

1. Reasons for SI/TA of the well (R649-3-36-1.1).
2. The length of time the well is expected to be SI/TA (R649-3-36-1.2), and
3. An explanation and supporting data if necessary, for showing the well has integrity, meaning that the casing, cement, equipment condition, static fluid level, pressure, existence or absence of Underground Sources of Drinking Water and other factors do not make the well a risk to public health and safety or the environment (R649-3-36-1.3).

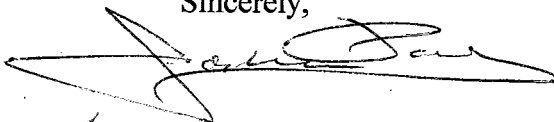
Please note that the Divisions preferred method for showing well integrity is by MIT

Submitting the information suggested below may help show well integrity and may help qualify your well for extended SI/TA. **Note: As of July 1, 2003, wells in violation of the SI/TA rule R649-3-36 may be subject to full cost bonding (R649-3-1-4.2, 4.3).**

1. Wellbore diagram, and
2. Copy of recent casing pressure test, and
3. Current pressures on the wellbore (tubing pressure, casing pressure, and casing/casing annuli pressure) showing wellbore has integrity, and
4. Fluid level in the wellbore, and
5. An explanation of how the submitted information proves integrity.

If the required information is not received within 30 days of the date of this notice, further actions may be initiated. If you have any questions concerning this matter, please contact me at (801) 538-5281.

Sincerely,



for:

Dustin K. Doucet
Petroleum Engineer

DKD/JP/js
Enclosure
cc: Compliance File
Well File
LaVonne Garrison, SITLA

ATTACHMENT A

	Well Name	API	LEASE	Years Inactive	SI/TA Extension Expired On
3RD NOTICE					
1	NBU 1022-13I4S	43-047-39475	STUO-08512-ST	4 Years 2 Months	12/31/2010
2ND NOTICE					
2	BONANZA 1023-16J	43-047-37092	ML-22186-A	4 Years 10 Months	12/31/2011
3	NBU 921-34J	43-047-37953	STATE	4 Years 6 Months	9/01/2009
4	NBU 921-34L	43-047-36388	STUO-1194-A	2 Years 9 Months	
5	NBU 921-33J	43-047-36394	STOU-015630	2 Years 11 Months	
1ST NOTICE					
6	UTE TRAIL U 88X2G	43-047-15389	ML-3352	1 Year 6 Months	
7	CIGE 3-32-9-22	43-047-30320	ML-22649	1 Year 8 Months	
8	NBU 31-12B	43-047-30385	ML-01197-A	1 Year 10 Months	
9	CIGE 51D	43-047-30889	U-01530-ST	1 Year 6 Months	
10	NBU 69N2	43-047-31090	U-01194-ST	1 Year	
11	NBU 97	43-047-31744	U-01189-ST	1 Year 1 Month	
12	BONANAZA 1023-2I	43-047-35663	ML-47062	1 Year 5 Months	
13	NBU 921-25D	43-047-36700	UO-01189-ST	1 Year 2 Months	
14	NBU 565-30E	43-047-37533	ML-22793	1 Year 11 Months	
15	STATE 1021-36D	43-047-38845	ML-47060	1 Year 5 Months	
16	NBU 661-24E	43-047-50011	ML-22790	1 Year 8 Months	



February 23, 2012

Dustin K. Doucet
Petroleum Engineer
Division of Natural Resources, Division of Oil, Gas and Mining
State of Utah
PO Box 145801
Salt Lake City UT 84114-5801

Dear Mr. Doucet:

We are in receipt of your letters dated January 26, 2012, regarding the shut-in and temporarily abandoned status of wells operated by Kerr McGee Oil and Gas.

The attached list explains the status of each well referenced in your January 26, 2012, letters.

Please do not hesitate to contact me if you have any questions or concerns. I can be reached at 720-929-6515.

Sincerely,

A handwritten signature in black ink, appearing to read "Julie A. Jacobson".

Julie A. Jacobson
Regulatory Affairs Supervisor

Attachment

RECEIVED
FEB 23 2012
DIV. OF OIL, GAS & MINING

23-Feb-12

UDOGM LETTER(S)

WELL	API	Lease	Comment
UTAH 10-415	43-015-30391	ML-48189	P&A procedure planned to be submitted
NBU 1022-13I4S	43-047-39475	STUO-08512-ST	P&A procedure approved in June 2011; work completed by April 11, 2012
Bonanza 1023-16J	43-047-37092	ML-22186-A	TA approved on 4/19/2011; considering use of wellbore
NBU 921-34J	43-047-37953	STATE	June 2011 approved to convert to Birds Nest; convert by July 1, 2012
NBU 921-34L	43-047-36388	STUO-1194-A	June 2011 approved to convert to Birds Nest; convert by July 1, 2012
NBY 921-33J	43-047-36394	STUO-015630	Recompleted approved June 2011; on schedule
UTE Trail U88X2G	43-047-15389	ML-3352 (ML13826??)	Decision on well by May 1, 2012
CIGE 3-32-9-22	43-047-30320	ML-22649	Waiting for ground from recent activities to settle and then will put well back on production
NBU 31-12B	43-047-30385	ML-01197	Return to production by 5/1/2012
CIGE 51D	43-047-30889	U-01530-ST	P&A procedure approved; will plug this year
NBU 69N2	43-047-31090	U-01194-ST	Under review
NBU 97	43-047-31744	U-01189-ST	TA'd due to pressure monitor; pad completion aroun 9/1/2012
BONANZA 1023-2I	43-047-35663	ML-47062	work over scheduled 6/1/2012
NBU 921-25D	43-047-36700	UO-001189	TA'd due to pressure monitor; expected to drill out around 9/1/2012
NBU 565-30E	43-047-37533	ML-22793	P&A producer approved; work will be completed 7/18/2012
STATE 1021-36D	43-047-38845	ML-47060	producing (as of 12/28/2011)
NBU 661-24E	43-047-50011	ML-22790	producing (as of 12/28/2011)

RECEIVED
FEB 23 2012
DIV. OF OIL, GAS & MINING

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: KERR MCGEE OIL & GAS ONSHORE LP Operator Account Number: N 2995
Address: 1368 SOUTH 1200 EAST
city VERNAL
state UT zip 84078 Phone Number: (435) 781-7024

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
Various	NBU REVISION						UINTAH
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
<i>E</i>	<i>Various</i>	<i>2900</i>	<i>3/13/2012</i>			<i>2/1/2012</i>	
Comments: MOVE THE ATTACHED WELLS INTO THE NATURAL BUTTES UNIT REVISION EFFECTIVE 02/01/2012. <i>72 wells</i> <i>5/31/2012</i>							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date			Entity Assignment Effective Date	
Comments:							

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

SHEILA WOPSOCK

Name (Please Print)

Signature

REGULATORY ANALYST

Title

5/30/2012

Date

RECEIVED

MAY 31 2012

Div. of Oil, Gas & Mining

Entity Action Form Attachment for wells moved into the Natural Buttes Unit Effective 02/01/2012.

API	Well Name	QTR/QTR	orig entity Section	TWNSHP	RANGE	Producing Intervals
4304737079	FEDERAL 920-25I	NESE	15431	25 9S	20E	WASATCH/MESAVERDE
4304737080	FEDERAL 920-25H	SENE	15761	25 9S	20E	WASATCH/MESAVERDE
4304737081	FEDERAL 920-25A	NENE	15553	25 9S	20E	WASATCH/MESAVERDE from MVRD
4304739098	STATE 1021-28M	SWSW	16499	28 10S	21E	WASATCH To WSMVD
4304737918	FEDERAL 1021-26L	NWSW	16390	26 10S	21E	MESAVERDE To WSMVD
4304737919	FEDERAL 1021-26N	SESW	16391	26 10S	21E	WASATCH/MESAVERDE
4304737916	FEDERAL 1021-25O	SWSE	16277	25 10S	21E	WASATCH/MESAVERDE
4304739112	STATE 1021-31M	SWSW	16454	31 10S	21E	WASATCH To WSMVD
4304739127	STATE 1021-32P	SESE	16471	32 10S	21E	WASATCH/MESAVERDE
4304739128	STATE 1021-32O	SWSE	17513	32 10S	21E	WASATCH/MESAVERDE
4304739131	STATE 1021-32L	NWSW	16902	32 10S	21E	WASATCH/MESAVERDE
4304739133	STATE 1021-32J	NWSE	17539	32 10S	21E	WASATCH/MESAVERDE
4304739134	STATE 1021-32I	NESE	16905	32 10S	21E	WSMVD
4304739135	STATE 1021-32H	SENE	17528	32 10S	21E	WASATCH/MESAVERDE
4304735714	FEDERAL 1022-29H	SENE	15147	29 10S	22E	WASATCH/MESAVERDE
4304735715	FEDERAL 1022-29F	SENW	15162	29 10S	22E	WASATCH/MESAVERDE
4304735716	FEDERAL 1022-29B	NWNE	14982	29 10S	22E	WASATCH/MESAVERDE
4304735737	FEDERAL 1022-29I	NESE	15001	29 10S	22E	WASATCH/MESAVERDE
4304735738	FEDERAL 1022-29D	NWNW	15016	29 10S	22E	MESAVERDE To WSMVD
4304734862	FEDERAL 31-10-22	SESE	13879	31 10S	22E	MESAVERDE To WSMVD
4304735173	FEDERAL 1022-31D	NWNW	14132	31 10S	22E	WASATCH/MESAVERDE
4304736492	FEDERAL 1022-31N	SESW	16255	31 10S	22E	WASATCH/MESAVERDE
4304736493	FEDERAL 1022-31I	NESE	15089	31 10S	22E	WASATCH/MESAVERDE
4304736494	FEDERAL 1022-31G	SWNE	15075	31 10S	22E	WASATCH/MESAVERDE
4304736495	FEDERAL 1022-31F	SENE	15230	31 10S	22E	WASATCH/MESAVERDE
4304736574	FEDERAL 1022-31C	NENW	15090	31 10S	22E	WASATCH/MESAVERDE
4304736575	FEDERAL 1022-31J	NWSE	15214	31 10S	22E	WASATCH/MESAVERDE
4304736576	FEDERAL 1022-31L	NWSW	16376	31 10S	22E	WASATCH/MESAVERDE
4304734317	STATE 1-32	NESW	13419	32 10S	22E	WASATCH/MESAVERDE
4304734831	STATE 2-32	SESW	13842	32 10S	22E	MESAVERDE To WSMVD
4304734832	STATE 3-32	NWSW	13844	32 10S	22E	WASATCH/MESAVERDE
4304735095	STATE 1022-32J	NWSE	14097	32 10S	22E	WSMVD
4304735096	STATE 1022-32A	NENE	13914	32 10S	22E	WASATCH/MESAVERDE
4304735186	STATE 1022-32P	SESE	14131	32 10S	22E	MESAVERDE To WSMVD
4304735315	STATE 1022-32O	SWSE	14114	32 10S	22E	WASATCH/MESAVERDE
4304735647	STATE 1022-32H	SENE	14348	32 10S	22E	MESAVERDE To WSMVD
4304736413	STATE 1021-36O	SWSE	15619	36 10S	21E	WASATCH/MESAVERDE
*4304738157 WELL BELONGS TO QEP ENERGY CORP "GH 8-20-8-21" PERMIT NOT APPROVED						
4304734839	FEDERAL 1022-15F	SENW	14618	15 10S	22E	WASATCH/MESAVERDE
4304736414	STATE 1021-36J	NWSE	15651	36 10S	21E	WASATCH/MESAVERDE
4304738152	STATE 1021-36L	NWSW	16012	36 10S	21E	WASATCH/MESAVERDE
4304735440	FEDERAL 1022-15J	NWSE	14617	15 10S	22E	WASATCH/MESAVERDE
4304736415	STATE 1021-36I	NESE	15684	36 10S	21E	WASATCH/MESAVERDE
4304738845	STATE 1021-36D	NWNW	16455	36 10S	21E	WASATCH/MESAVERDE

4304750096	FEDERAL 1022-27H	SENE	17626	27 10S	22E	WASATCH/MESAVERDE	
4304736416	STATE 1021-36H	SENE	15335	36 10S	21E	WASATCH/MESAVERDE	
4304738846	STATE 1021-36E	SWNW	16523	36 10S	21E	WASATCH/MESAVERDE	
4304735676	FEDERAL 1022-28L	NWSW	15110	28 10S	22E	WASATCH/MESAVERDE	
4304736417	STATE 1021-36G	SWNE	15297	36 10S	21E	WASATCH/MESAVERDE	
4304738847	STATE 1021-36F	SENW	16394	36 10S	21E	WASATCH/MESAVERDE	
4304735713	FEDERAL 1022-28N	SESW	15145	28 10S	22E	WASATCH/MESAVERDE	
4304736418	STATE 1021-36B	NWNE	14953	36 10S	21E	WASATCH/MESAVERDE	
4304738848	STATE 1021-36N	SESW	16359	36 10S	21E	WASATCH/MESAVERDE	
4304735735	FEDERAL 1022-28O	SWSE	15285	28 10S	22E	WASATCH/MESAVERDE	from MURD
4304736419	STATE 1021-36A	NENE	15035	36 10S	21E	WASATCH/MESAVERDE	
4304738849	STATE 1021-36K	NESW	16084	36 10S	21E	WASATCH/MESAVERDE	
4304735736	FEDERAL 1022-28M	SWSW	15286	28 10S	22E	WASATCH/MESAVERDE	
4304736420	STATE 1021-36P	SESE	15372	36 10S	21E	WASATCH/MESAVERDE	
4304738850	STATE 1021-36C	NENW	16396	36 10S	21E	WASATCH/MESAVERDE	
4304734861	FEDERAL 29-10-22	SESE	14006	29 10S	22E	MESAVERDE	TO WSMVD
4304735577	FEDERAL 1022-33O	SWSE	15080	33 10S	22E	WASATCH/MESAVERDE	
4304735739	FEDERAL 1022-33E	SWNW	15193	33 10S	22E	WASATCH/MESAVERDE	
4304735740	FEDERAL 1022-33M	SWSW	15373	33 10S	22E	WASATCH/MESAVERDE	
4304735741	FEDERAL 1022-33L	NWSW	15511	33 10S	22E	WASATCH/MESAVERDE	
4304735742	FEDERAL 1022-33G	SWNE	15404	33 10S	22E	WASATCH/MESAVERDE	from MURD
4304735743	FEDERAL 1022-33C	NENW	15405	33 10S	22E	WASATCH/MESAVERDE	
4304735744	FEDERAL 1022-33A	NENE	15539	33 10S	22E	WASATCH/MESAVERDE	
4304737105	FEDERAL 1022-33D	NWNW	16502	33 10S	22E	WASATCH/MESAVERDE	
4304737106	FEDERAL 1022-33F	SENW	16560	33 10S	22E	WASATCH/MESAVERDE	from WSTC
4304737107	FEDERAL 1022-33K	NESW	16124	33 10S	22E	WASATCH/MESAVERDE	
4304737109	FEDERAL 1022-33N	SESW	16126	33 10S	22E	WASATCH/MESAVERDE	
4304737110	FEDERAL 1022-33B	NWNE	16561	33 10S	22E	WASATCH/MESAVERDE	
4304735810	STATE 1021-36E	SWNW	14295	36 10S	21E	WASATCH/MESAVERDE	

STATE OF UTAH DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS, AND MINING		FORM 9
SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.		5. LEASE DESIGNATION AND SERIAL NUMBER: ML-47060
1. TYPE OF WELL Gas Well		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.		7. UNIT or CA AGREEMENT NAME: NATURAL BUTTES
3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779		8. WELL NAME and NUMBER: STATE 1021-36D
4. LOCATION OF WELL FOOTAGES AT SURFACE: 1188 FNL 0702 FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: NWNW Section: 36 Township: 10.0S Range: 21.0E Meridian: S		9. API NUMBER: 43047388450000
10. FIELD and POOL or WILDCAT: NATURAL BUTTES		9. FIELD and POOL or WILDCAT: NATURAL BUTTES
COUNTY: UINTAH		STATE: UTAH
11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		
TYPE OF SUBMISSION	TYPE OF ACTION	
<input type="checkbox"/> NOTICE OF INTENT Approximate date work will start:	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE <input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input checked="" type="checkbox"/> PRODUCTION START OR RESUME <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE DIFFERENT FORMATION <input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUTOFF <input type="checkbox"/> SI TA STATUS EXTENSION <input type="checkbox"/> WILDCAT WELL DETERMINATION <input type="checkbox"/> OTHER	
<input checked="" type="checkbox"/> SUBSEQUENT REPORT Date of Work Completion: 3/29/2015	<input type="checkbox"/> SPUD REPORT Date of Spud:	
<input type="checkbox"/> DRILLING REPORT Report Date:	<input type="checkbox"/> APD EXTENSION OTHER: <input style="width: 100px;" type="text"/>	
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc. The STATE 1021-36D well was returned to production on 3/29/2015. Thank you.		
Accepted by the Utah Division of Oil, Gas and Mining FOR RECORD ONLY March 31, 2015		
NAME (PLEASE PRINT) Kristina Geno	PHONE NUMBER 720 929-6824	TITLE Regulatory Analyst
SIGNATURE N/A	DATE 3/30/2015	